Partnerships that Work: The 2013 White House Labor-Management Summit

UNITED STATES DEPARTMENT OF LABOR

FOREWORD

Over the last six and a half years, we have steadily recovered from our worst economic crisis in generations. We saw over three million jobs created in 2014, the best year since the end of the Clinton administration. We're experiencing the longest streak of private-sector job growth on record. In 2009, there were about seven job seekers for every open job. Today, there are fewer than two.

We didn't get here by accident. One of the reasons we've rebounded so successfully is that, when times got really tough, workers and businesses put aside their differences to work together in a way that delivered mutual benefits. They rejected false choices between job growth and job safety, between taking care of workers or shareholders. They came to the conclusion that we are all in it together.

On December 5, 2013, my colleagues at the White House, the Department of Commerce, the Federal Mediation & Conciliation Service, and the Department of Labor came together to celebrate this kind of collaboration. We hosted "Partnerships that Work: The White House Labor - Management Summit," to lift up some of the cooperative relationships that helped lift our nation out of recession.

In the private sector, we highlighted International Paper's growth even in the midst of the recession, thanks to their close relationship with the United Steel Workers and International Brotherhood of Electrical Workers. We celebrated the remarkable alliance between the United Auto Workers and Ford Motor Company that saved the Ford assembly plant in Louisville, Kentucky. During the darkest days of the recession, that plant was down to only 900 employees and on the verge of being shuttered. But by building a culture of cooperation based on shared sacrifice, Ford and UAW engineered a dramatic turnaround. It is now one of the most productive plants in North America, 4,400 employees strong and growing.

In the public sector, we lifted up the innovative collaboration in Maryland between officials at Montgomery County Public Schools, the Service Employees International Union, Montgomery County Education Association, and the Montgomery County Association of Administrators and Principals. Their joint leadership continues to demonstrate the essential role of public sector collective bargaining relationships in providing our children with a world-class education and generating sustained economic growth.

What we learned is that solving today and tomorrow's complex issues requires effective partners on both sides of the bargaining table, each bringing resources to bear. In New York, 1199 SEIU worked with Montefiore Health Systems, making a major investment in a collaborative model of training that led to good jobs for heath care workers and positive outcomes for patients. In Florida and California, the Building and Construction Trades Department came together with Disney to build apprenticeship programs that enable pathways to the middle class and address critical workforce needs.

But there's more work to do. While productivity has increased more than 90 percent since 1979, real wages have remained virtually flat. A lot of people are back to work, but far too many families are struggling to get by and finding it nearly impossible to get ahead.

That's not just a problem for those families -- it's a problem for all of us. Our nation is stronger when prosperity is broadly shared. And as we've seen throughout our history, shared prosperity is possible only when working people are able to band together and raise their voices.

As we look ahead, it is important to reflect on the work that helped get us to this point. We are closer today to a shared prosperity economy because, during the most challenging economic times, businesses and workers came together to help make the economy work for everyone again.

What follows is a complete transcript of the 2013 White House Labor - Management Summit. It is an important record of the role collective bargaining played in getting us here – and how critical it will be to building a better future.

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- Estela Vazquez, Executive Vice President, 1199SEIU United Healthcare Workers East
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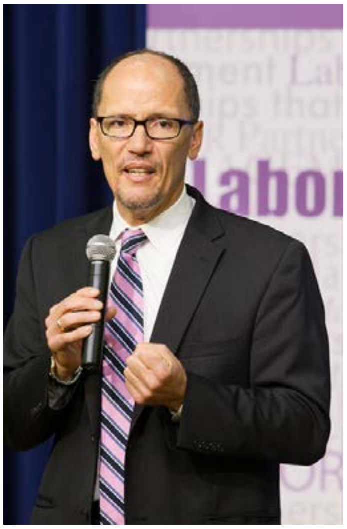


Labor Secretary Thomas Perez Opening Remarks

George Cohen:
It's my honor and great privilege to introduce the new Secretary of Labor, Tom Perez. I'm going --

[applause]

-- I'm going to give Tom the briefest introduction he has ever received, and I daresay it will be the briefest one he ever will receive. Tom is a fabulous person. Tom believes in, supports, and advocates collective bargaining. This is Tom.

[laughter]

[applause]

Thomas Perez:
George, do you know what? Thank you, man.

[applause]

I love that introduction, George. That's it. George, I just want to say thank you to your wife for sharing you with us for so many years. There's a rumor going around that you're going to retire, George. I frankly don't believe it for a minute --

George Cohen:
I've tried three times.

Thomas Perez:
-- because you have so much gas in the tank, and I'd like to start out by thanking you for your remarkable service. This guy --

[applause]

I mean, where do we start? Oboe players, baseball players, disputes of great import to our nation, you have a remarkable ability to bring people together. People who have strongly held views, that are often divergent, but you've managed to do it through all these years and you have been a role model and your belief in collective bargaining and you saw the president yesterday reiterate his belief in the importance of collective bargaining. You have been a role model for so many of us, George, so I want to start out by saying thank you to you for the work that you do.

George Cohen:
We rehearsed that earlier this morning. [unintelligible]

[applause]

Thomas Perez:
You know, it's an honor to be here. My name is Tom Perez. I have the privilege of serving as the Secretary of Labor and I am so honored to be here, not only myself, but with my colleague, Seth Harris, whom you all know very well; with another colleague, part of the Maryland Mafia, John Porcari, the Deputy Secretary of Transportation, who's in the back, and I'm particularly honored to introduce someone that I have become fast friends with, Penny Pritzker, and I'm going to introduce her in a few moments.

You know, the president talked yesterday about the defining challenge of our time, which is to make sure that everybody has those ladders of opportunity so that they can realize the American dream. And that as we grow our economy from the middle out, that we make sure that everybody does have those chances to grow; to get the skills they need to compete; to make sure that we work with businesses, to grow businesses; to make sure that we understand the demand needs of businesses. And Penny and I have been traveling around the country, talking about this together, and sometimes people are surprised: "I've not seen the labor secretary and the commerce secretary together this often," but we think it's critically important because we're doing what you're doing. You have managed, through the partnerships that we are elevating today, to make sure that we are addressing the critical needs of our time; the critical needs of growing our economy; the critical needs of having labor, management, everybody working together; the critical need to put aside those false choices; the false choice which says we either take care of our workers or we take care of our shareholders. We've seen that categorically rejected in the partnerships that we're doing today; the critical false choice that says, you know, in the teacher context, you know, unions are part of the problem, they're not part of the solution.

Well, I will tell you, as a member of -- a former member of the Montgomery County Council and a proud consumer of the Montgomery County public schools, and you're going to see that today, unions and the leadership, the superintendent, working together to build a world-class system of education. A system in which our children, my three children including, Seth's children including, are prepared for the challenges of tomorrow. A "we're all in it together" mode. We see the building trades understanding more than anyone that these partnerships are critical in building the pipeline of tomorrow's workers.

I was in Milwaukee and Chicago yesterday. I visited manufacturers in Wisconsin and they told me something that's been sticking in my mind all night. The average age of someone in manufacturing in Wisconsin is 59 years old. We've got to build tomorrow's workforce. And, by the way, the average age of a Latino living is Wisconsin is 17. So we have tomorrow's workforce. It's in the school system in Milwaukee and the surrounding areas but we need to work together to make sure that we're in it all together; that we're empowering people with the skills to compete. That's why Secretary Pritzker was traveling to Germany recently to learn about the apprenticeship model because we know there's so much we can learn from here. We know there's so much we can learn from the building trades and the partnerships that they've had with Disney and others. And that's why today is so important because we reject these notions that you have either take care of your workers or take care of your shareholders. We reject the false choice which says that we either have job growth or job safety.

I was at the Ford plant in Louisville a couple weeks ago and they are producing more cars than any plant in North America right now. Four years ago, there were 900 employees there. They were almost shuttered. Today, 4,400 strong and growing, a remarkable partnership between the UAW and the Ford leadership. They are back. And I remember asking the workers two weeks ago: "What do you want me to tell the president?" And they all said to a person, "Thanks for believing in us. Thanks for taking that chance. Thanks for investing in that partnership," and we've seen that partnership work at Ford.

We've seen other international partnerships of great interest, and I see Mary Beth Cahill here and others. As we go to Germany, we see the VW Works Council Partnership; another model of everybody in it together. These are the models that we should be studying globally. These are the models that we should be thinking about exporting to the United States because there are so many remarkable things going on in this country. And that's what today's event is about: Lifting up these partnerships that are going to attack and address what the president said yesterday about growing the economy from the middle out, making sure that everybody has those ladders of opportunity, making sure that we are creating skilled employees that are responsive to the demand needs of employers. That's what it's all about and it has been such an unmitigated privilege in this job to travel the country and to see these partnerships at work, to travel to New York City and look at SEIU 1199 and see how they're working with the healthcare industry, hand in glove, to make sure that they're building that pipeline of healthcare workers that will ensure that tomorrow's and today's needs are met, aligning themselves with educators, community colleges, K to 12 systems, so that we know that the jobs of tomorrow are going to be filled by the remarkable human capital that exists in this nation.

And that's what today is about. Today we are going to lift up these remarkable partnerships, labor and management working together, not re-litigating any of yesterday's challenges but looking forward, looking to the future. Understanding that we're all in this together, that we all succeed when we all succeed but we all succeed only when we all succeed. That's what this day is about.

I am bullish about our future. Whoever says manufacturing is dead hasn't been to Wisconsin, hasn't been to Louisville, hasn't looked at the data from the Census Bureau. Whoever says that we don't have the capacity to compete hasn't looked at the partnerships that we are lifting up today, hasn't looked at other partnerships that exist across this country, hasn't seen the remarkable work of the labor movement, hasn't seen the remarkable work of enlightened employers like Ford and others, manufacturers across this country. The good news is that everywhere Secretary Pritzker and I go, everywhere Secretary -- other secretaries go, we hear that, "We want to continue to grow our businesses." That's the good news.

One of the biggest challenges is making sure that we have the skilled workers to compete. That's why the work in Montgomery County is so important. That's why we want to shine it up because we have short-term challenges. We have longer-term challenges: The secondary school system. That's why we have $100 million grants like our Career Connect grant, which is helping to make sure that we build that pipeline for tomorrow and make sure that those opportunities do exist.

So I'm thrilled to be here and I'll tell you, George, you are a role model for so many folks. I hope that I can accomplish one tenth of what you've accomplished in your career because you really have done a remarkable amount of work for this nation, not simply for one part of this nation. So I want to say thank you to you and I have --

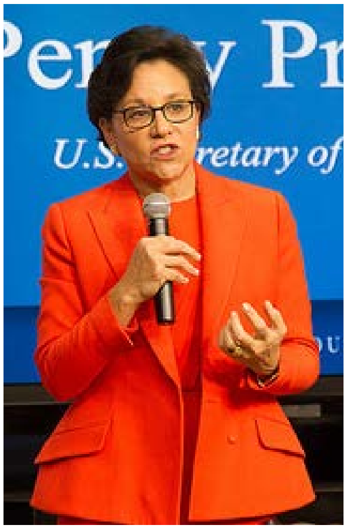
[applause]

-- and I'm thrilled about this day. I'm looking in this audience. You know, I see a lot of old friends. I see remarkable people doing great work here and I have the honor of introducing my good friend, Secretary Pritzker. I've told you about the work that she has done and one of the things in which she has really been a national leader is in understanding the issue of skills. I was in Chicago yesterday before I went to Milwaukee, and I visited a place called the Skills for Chicagoland's Future. I met with workers who have been unemployed for some time and, as a result of the work of Skills for Chicagoland's Future, they're now working in jobs that are paying great wages. They have upward mobility opportunities, and this nonprofit -- the board chair, until recently, was a woman named Secretary Pritzker who understood that we need to match the demand side with the goals of workers. And we don't want to simply provide opportunities for a few. We want to expand opportunities for everyone and aligning the needs of employers with the desires of workers, finding these win-win solutions: That has been why we have been working so much together. Because just as you are modeling behavior in partnership, we want to do the same as an administration. That's why we are breaking down so many stovepipes. We work together. We're all in this together, if we're going to grow this economy, everyone together and that's why we travel in packs, aside from our insecurity.

[laughter]

We travel in packs because people's problems aren't uniquely stove-piped to one department or another, and if we're not solving problems in concert, we're not going to solve problems over a sustained period of time. And so that is why we are here today together. That's why, if you were in Anne Arundel County recently you would have seen us together with union leaders, with business leaders, with educators, with nonprofits, talking about how we build our economy from the middle out, how we ensure that employers have the workers they need with the skills they need, how we ensure that workers have the ability to climb those ladders of opportunity, and we're going to continue to do this together, just as I know that all of you here, whether you're working on apprenticeships, whether you're working in SEIU 1199, whether you're teaching people, whatever you are. We are all in this together.

[end of transcript]



Commerce Secretary Penny Pritzker Opening Remarks

Thomas Perez:
-- gives me a great honor to introduce my friend and colleague, Secretary Pritzker.

[applause]

Penny Pritzker:
Wow. You know, it's hard to follow that energy, but what I will say is first of all thank you for having me here, George and Secretary Perez. It is an honor to be able to speak in front of this group. You know, this is a subject that is near and dear to my heart. As Secretary Perez said, I in 2010 -- yes, 2010, but in 2009, when the president first came into office, I was sitting with the chief of staff, Rahm Emanuel, and he said -- I said to him, "Look, I would like to be of assistance. The campaign's over. I'd like to be of help. Let's talk about areas where I can be of help, as I stay in the private sector." And he and I talked about the real issue of skills, the skilled workforce, and the challenges of people being able to find opportunity, and did they have the appropriate training. And I said, "You know what? I'm all over that, and what I can do is I can go out to the business sector, and I can use my contacts to really get greater insight into what's going on, and where we could work together." And we met with union leaders. We met with business leaders across eight different sectors of our economy in 2009, and in 2010 the president announced an effort called Skills for America's Future. And it was the beginning of a real dialogue.

I think we were in this room when we announced it, and it was -- a beginning of a real dialogue of awareness of something you all know, which is that we have a great labor force in this country. And it's an enormous asset to our country and to businesses, but at times we have individuals who don't have the skills that they need to have the jobs that are open. And so, for me it's been a passion not for the last 20 minutes or the last couple of months, but a passion since 2009 that I've been very focused on. And Skills for Chicagoland's Future is just one of the programs that we started from scratch to address the issues of skilled labor. We also did a program working with community colleges, and unions, and businesses to better align workforce training in -- across the country with companies like United Technologies, or the Gap, or PG&E out in California, and really began this effort to raise awareness. And one of the things that's so exciting for me in my new job is that a couple of weeks ago I rolled out the Department of Commerce's agenda, our Open for Business Agenda. And one of the priorities that I outlined, absolutely brand new to the Department of Commerce is to be focused on the skilled workforce and the skilled labor force.

That's never happened before where that's a priority of the Department of Commerce, and it's absolutely essential. It's essential for many reasons and it's going to be -- it's a passion of mine. And the reason it's essential is during my first hundred days I went around the country. And I met with leaders all over, in 12 different states, hundreds of leaders, business leaders, union leaders, mayors, governors, et cetera, talking about what's going on in the business community, what's happening in commerce, what are the challenges you're facing, what can we do to be of greater assistance as a federal government? And everywhere I heard the challenge that is being faced around lack of skilled labor. Now, there's -- I'm not saying that is the only challenge in our economy. I'm just saying it was one of the issues that I heard from the leadership that I spoke with. And so, it's quite obvious in going out and talking with people this is a challenge. It's something I knew from my own experience as a business person, but I also knew from my own experience in working on this subject since 2009.

But then, the other really phenomenal part is I think it was the first week that Secretary Perez was in office. He picked up the phone. He called me. He said, "Let's have lunch," and I think we had lunch two days later. And he said, "I want to work together on this issue of what do we do about making sure that our labor force has the right training and the right skills, and the right education in order to be able to meet the jobs that are out there both today and in the future." And I said, "I am all in for that." And he and I -- that's been since, what? The last four or five months we've been joined at the hip on this subject, which I know some people would say, "It's quite unusual to have the Secretary of Labor and the Secretary of Commerce so closely allied," but we are all in together on this subject. And frankly, it's easy. And one of the things that makes it so easy is what you just saw, the passion that the -- Secretary Perez has for this subject. It's infectious and I'm a pretty high energy person, although I was not going to jump over the -- this thing up here.

[laughter]

I said, "Doing it in heels might be a little awkward," as he did, but don't just because I walked around doesn't mean I don't share the absolute enthusiasm and passion --

[laughter]

-- for this subject, and that I'm not willing to, you know, go to whatever lengths it takes to make us successful in this issue.

The challenge that we're facing as I see it is there are really good programs out there. Many of you in this room run great programs, great training efforts, and so they exist. That's one thing we know. The second thing that we know is that we need to do more of it, and so the questions that we've been asking ourselves and that in fact last week we had a cabinet meeting on this subject. A group of cabinet members got together to talk about this, and the question we were asking ourselves is, "What is the role of the federal government? How can we be more of assistance given the fact that skilled training has to occur locally, and it has to occur with a partnership between local business, local unions, and local training providers?" And that successful programs we know are what we call demand driven. We're no longer as the secretary always says and I quote, "We can no longer afford train and pray." We have got to put people in a position where they are being trained for the jobs that exist with the skills that they need, and we owe our workforce stackable credentials, and good career paths, and clear -- clarity about how you achieve that.

Much of that doesn't seem to be uniformly understood, except I believe we're at a real tipping point with this subject. And the tipping point is business really gets they need to step it up. They can no longer just expect you all and the training organizations to deliver a worker that has exactly what they need. And I feel that's part, you know, of what my job in this partnership is to get business to step it up and realize they have to be more -- play a greater leadership role in skilled training. And be clearer about what they need, and also get over some of the phobias that we've seen of, let's say, hiring folks that are -- have been unemployed for greater than six months. There's -- you know, these are some of the challenges, the real challenges out there that we saw in Chicago, in dealing with the longer term unemployed, is this sort of bias against that. And the reality is we're breaking down those biases by demonstrating that we can help train someone and they can be as successful in a job as someone who's been unemployed for over six months as someone who you're just stealing from your competitor, or taking from some other job. That isn't helping the unemployment situation.

So for me this is a really, really important effort. It's one that as I said, I've made as a high priority for the Department of Commerce, and one that frankly, it's an absolute pleasure to partner with Secretary Perez on. Because as he and I have commented on other subjects, sometimes we may look -- come from opposite sides of the coin, but we are one coin, and we do see what we have to do together. And so our commitment it -- you should view as unwavering. And I hope that what -- you know, that by us being here together, that you will feel that the Commerce Department is a partner with you in this effort around training, and helping to deliver to our workforce the kind of training that they need, as well as delivering to our businesses the kind of competitive workforce that they need to be successful.

And what we know is that I called Steve Case. Steve Case who very, very successful entrepreneur has started many, many companies, including AOL. And I asked him if he would help me with this effort. And he said to me -- he said, "Absolutely, I'm all in," because he said, "We are in a global talent war." And he -- "the country that has the best talent and who takes care of their talent and their human capital is the one who's going to win." And he got it completely. And so, for me this is something that comes from my heart. It's something I know is right. I think it's a win/win/win for everybody, this effort, and so I'm really pleased that you all are focused on workforce training and the skills effort today in this context. It's something that cannot be underestimated, the importance of this.

And so I hope that in closing let me just say it's an absolute pleasure for me to be here. I'm told I think I'm the first Commerce Secretary to come to such a summit or meeting, and I hope it's not the last time that you'll invite me, because this is something

I care very deeply about. And Secretary Perez, it's a pleasure to get to work with you regularly on a number of things and this particularly. And George, thank you for all you've done for our country. It's really important work, and I know that you're attempting to retire for the fourth or fifth time.

George Cohen:
Yep.

Penny Pritzker:
But and we hope you're modestly successful at that, if that's what you want. But don't leave us in a lurch, please. So, thank you.

[applause]

[end of transcript]

Director, Federal Mediation and Conciliation Service George H. Cohen Opening Remarks

George Cohen:
I am a creature of habit and every time I've addressed any group in the last four years and two months, I start by saying the same thing. First of all, welcome on behalf of the FMCS in general and in particular Deputy Director Scot Beckenbaugh and Allison Beck. The FMCS as the director has the most unique job in the federal government. I have no board. I have no commission. I report to no one. I do what I please and no one knows what the hell I'm doing.

[laughter]

So, that alone would put me in a very unique category, but let me remind you there's something quite more unique when you compare the FMCS with virtually any other government agency in the United States and perhaps in the world. Why is that? I have no enforcement authority. I have no regulatory authority. I cannot require anybody to do anything. We live and exist on request from joint parties to help and assist them going forward. We are therefore the only agency in which we knock on the door and say, "We are here from the government, and we are here to help you," we are telling the truth.

[laughter]

We are telling the truth.

So, let's talk about what's going to unfold here. What's going to unfold here I think you're going to all find to be quite fascinating. You're going to hear from people in nationwide bargaining units. You're going to hear from people from smaller bargaining units. You're going to hear from construction industry, manufacturing industry, health care industry, entertainment industry. You're going to hear about the need for diversity, the need for skilled workers. You're going to hear about the real world. So, when you combine what you're going to hear about in today's panels with what we did at Georgetown last year, I have a message to convey. My message is real simple: Collective bargaining is not dead. Collective bargaining is alive. The problem is we need to get more people to do it well, to do it well, and hopefully the message you're going to get today is going to help you understand how people on the ground have done it well.

I have over the course of my career synthesized all the things I've heard as to how to practice it well into five simple principles, which I hate to share publically because I then have nothing else to say for the rest of my life. But here they are. One, everyone is going to know is this room: Relationships, relationships, relationships. Two, mutual respect, notwithstanding parties have strongly held competing views. Three, never losing your eye off the ball. Do you want an agreement, and if you are committed to wanting an agreement, and if in that context, number four, if you're prepared to share relevant facts and information, transparency in its full bloom, then all you're lacking is number five, the single, most important, and everyone in the room knows this: Do you come into bargaining with a problem solving mentality? Do you understand that if management says it has a problem, it is in fact a problem for the union and the working men and women who it represents? And conversely if the union looks at management and says it has a problem on behalf of the people it represents, management has a problem. So stop beating your breasts on all your preconceived notion of what's going to happen, because we all know and understand the day that this great process begins is the day that uncertainty sets in. But I would like you all to compare the five principles that I've just described juxtaposed about what you're going to hear today. I think you're going to hear that theme, those themes repeated time and time again.

My last philosophical point is as follows. Eighty-three years ago the United States Congress declared that the key component of our national labor policy was encouraging the practice and procedure of collective bargaining to either eliminate labor strife or to minimize the effect of strikes or other stoppages on the nation's economy. There are people, some of whom are actually legislatures, who would either like to have that erased or don't believe it exists, but the truth of the matter is notwithstanding all the legislated initiatives in this past five decades those words in their full glory are still in the National Labor Policy. And that's what we're all about here today.

So, we're now ready for the panels. The question is -- I'm looking. Do I jump down or not?

[laughter]

I have jumped down in the past and been seriously injured.

[laughter]

So, I'm going to walk around here, because before the panel I wanted to say one thing that I know you'll all be aware of. Of all the labor disputes, of all the labor disputes I've had the pleasure of working with in the last four years, one of them by far as stood out, and that was the dispute between the United States Maritime Alliance, a multi-employer organization representing some of the world's most powerful shipping companies, and various port terminal operators, and the ILA, a bargaining unit representing over 14,000 longshoremen around the country. There was a serious strike set for September 30, 2012, and our organization, I'm delighted to say, was asked to come in and help facilitate that.

What was at risk was probably the greatest risk that I know has existed at least in the last four years. That is to say every single port from Maine to Florida on the Atlantic Coast and all the Gulf Coast ports were in jeopardy of being shut down, and with it the national economy would have been put in a very, very disastrous situation. Apart from the fact that if you looked at your calendar and realized that it was only 90 days before Christmas and the impact on the retail industry and every single family in the United States, all that was at risk. The Department of Transportation was concerned. The Maritime Administration was concerned. All sorts of private consumers were concerned. The Obama Administration was concerned, and I would now like to introduce the three gentlemen who played the lead role in working their way through and ultimately getting a six year master agreement covering all of those working men and women, and all of those ports. Harold Daggett, President ILA, please stand and join me, Harold. Jim Capo was then the CEO and Chair of USMX, and Dave Adam, his worthy successor. So --

[applause]

So, here's a quick story. Pre-September 30, a critical moment for the strike, these parties with the assistance -- these are not shrinking violets, ladies and gentlemen.

[laughter]

These are not shrinking violets. It took me, Scot Beckenbaugh, Jack Sweeney, and Pete Donatello to try to work our way through what was going on in this fascinating, difficult time. But there were bad days. Collective bargaining was not at its best. There were days when collective bargaining was at its worst, but the beauty is there was always collective bargaining. And when we got to that key moment on September 30th, these parties stepped forward and said to the public, "For the good of the country we will forego any labor dispute," and entered into a 90 day extension. And as we got to the late extension period, December 29, another landmark agreement was reached, which enabled the parties to keep the bargaining process going. And it culminated finally in a negotiated master agreement, and then all the ratification process. So, basically from August through May that process continued.

After it was over, I sat and spent many hours thinking to myself, "How did we ever get an agreement? How did it ever come about? What is the lesson for this meeting?" I had this meeting in mind as you'd expect.

[laughter]

And the lesson is threefold. First point: Leadership, leadership, leadership. Each of these groups have large number of people, powerful people with their own individual thoughts and ideas, big surprise, right, of how to handle things, what should be done, what should be accepted, what should be rejected, what should be counter-proposed. But the leadership that these three people brought forth carried the day along with principles number two and three. They never lost sight of the ultimate goal. They wanted a collective bargaining agreement and they got it. And lastly, every time we hit what looked like a brick wall, no matter how smart Cohen, Beckenbaugh, Donatello, and Sweeney are, we realized that we're up against a brick wall. What the hell is going to happen now? Ingenuity and practical solutions carry the day.

So, on behalf of the FMCS, the administration, and the nation, thank you, guys.

Male Speaker:
Thank you, George.

[applause]

Male Speaker:
Thank you.

George Cohen:
Thank you.

[end of transcript]

PANELS

Panel 1: Federal Aviation Administration/National Air Traffic Controllers Association & Montgomery County Public Schools

George Cohen:
This is the first time that we've ever had a Federal Government agency and its -- and their unions. And it's also the first time we've ever had a public sector institution, namely the Montgomery County School System and their unions that have been recognized by our groups.

The story that you are now going to hear is a story that everybody in this room either was aware of when they were alive and well in 1981, or they've heard about it. Everyone knows in August 1981 PATCO conducted a strike among its 12,000 individuals who they represented, the controllers. And three days after it began the President of the United States, Ronald Reagan, in a -- basically announced that every single one of those 12,000 air traffic controllers was going to be fired, and they were fired. And two months later PATCO was decertified as the collective bargaining representative. So before I say more I know Trisha's [spelled phonetically] going to give a little follow up as to what happened on the heels of that August 1981 event. Trish?

Patricia Gilbert:
Well we met in George's [spelled phonetically] office about a week ago and one of the things I wanted to relay was that it was very interesting time, certainly Paul and I weren't there yet, we were in --

Paul Rinaldi:
High School.

Gilbert:
-- high school at the time.

[laughter]

But --

[laughter]

Cohen:
Now this is hurtful.

[laughter]

Gilbert:
We were -- we have been very focused on teaching our membership that in order to build for the future they have to learn from the past. And so we are very focused on educating them on what happened during the PATCO strike, and what happened with NATCA and its birth. And it was an interesting tidbit that I wanted to share in that before President Reagan left office, NATCA, National Air Traffic Controllers Association, was formed by the air traffic controllers to represent the federal workforce of air traffic controllers. So even though he fired 12,000 air traffic controllers, the new hires that came into the agency right after that formed their own union before he left office; and we are still here 26 years later.

[laughter]

Cohen:
So Paul, fast forward a couple of decades and let's talk a little about that fabulous unprecedented situation in which

negotiations between the two parties took place, no agreement was reached, the FAA decided to unilaterally implement its last offer, and they published that unilateral implementation in a document called a collective bargaining agreement between NATCA and the employers. Is that a correct statement, Paul?

Rinaldi:
That is a correct statement.

Cohen:
Why don't you give us a --

Rinaldi:
They --

Cohen:
-- little history?

Rinaldi:
In 2005, we went to the table with the FAA under the George Bush Administration. The then administrator, Marion Blakey, made it a point that we were going to, in all essence, break this union and we're going to divide, fracture, and split them in any way we can. The big thing was they were going to do a dual pay scale. The current air traffic controllers wouldn't get a pay cut but wouldn't see any increases. And the new air traffic controllers come in would be on something that's called the B scale, very similar to what they do with the pilots now.

On top of that, it was all about control; I'm going to control the way you dress, I'm going to control when -- every aspect of your work environment. And instead of breaking this union that was formed in 1987 actually it solidified us, it's made us stronger. And we banded together to the point we would not even consider, we called it the white book, we wouldn't even consider it a contract. Obviously, we hit the hill, we worked very hard with then Senator from Illinois, Barack Obama, to help us get some language that this would not be considered a contract. And then you fast forward a couple of years later and that brilliant man became the President of the United States; and with -- when -- within 100 days put us back to the table to get a fair collective bargaining agreement, and that's when we actually met you.

[laughter]

Cohen:
So the President appointed a panel consisting of Jane Garvey who had been a prior FAA person, Rich Block, a distinguished mediator/arbitrator who has paid an extensive amount of money to be present here today --

[laughter]

-- and yours truly.

[laughter]

So when Rich and I walked into the room, because we are such knowledgeable people about practical experience, we inquired. Since there was this thing called the collective bargaining agreement but there really wasn't one, how many grievances had been filed under the actions that the FAA had been taking on their own unilateral implementation? And the answer was 450. So Rich and I looked at each other figuring we have a new level of confidence in our ability to work our way through this problem. Unfortunately, quickly after that the person said, "I mean 450,000 -- 450,000 grievances." Rich is up to 42,311 he's working --

[laughter]

-- on right now as we speak.

[laughter]

But we have had this incredible ongoing experience with the parties to try to overcome that one incredible situation.

Rinaldi:
Absolutely. And a --

Cohen:
So --

Rinaldi:
-- couple lawsuits involved too, so --

Cohen:
So before we turn this over to David for his views on how things dramatically changed only 30 years after PATCO, what would -- do you want to start the ball rolling, Dave, on that because I know you have some strongly held views of what you had in mind to improve that new initiative?

David Grizzle:
Well I'm reminded of your five principles, George. And clearly, the importance of relationship was evident from the very beginning as we tried to repair the relationship between management and NATCA at the FAA. I came in along with Randy Babbitt. He and I both had had extensive experience with -- we had spent our entire career in industries heavily unionized. He was former President of ALPA and I was a former airline executive. In fact, he and I used to joke that during most of our careers his colleagues were picketing my colleagues.

[laughter]

But one of the true things that we both recognized was it is much easier, it's much easier to manage an enterprise when you have good relations with your key unions than when you're not. And he immediately set me on the course of being really an observer and a coach to our management team to try to begin building better relationships. That was -- that was the starting point, better relationships, because out of that comes the trust, the understanding, the respect from which all other good things come. And fortunately, I mean I think that we really were blessed that Paul and I -- think we got along from the very beginning.

Rinaldi:
Yeah we did.

Grizzle:
I think -- and the key reason for that was that we respected one another. We respected one another and I immediately understood that the reason that I wanted to collaborate, the reason that I wanted to evolve better relationships was not because of any policy or principle or anything like that, but because we were going to make better and more effective decisions if we collaborated together.

Cohen:
Paul?

Rinaldi:
That's absolutely correct. And one of the things sitting down with Randy Babbitt on the first day when we had our first meeting and we just explained it has to -- it -- we could be -- have the greatest relationship at the local -- at the -- at the national level; Randy, myself, David, Trish. And we thought that that needs to filter down and needs to be fostered at the local level, and they need to hold -- control their own destiny, make their own decisions, and actually have a say in their work environment at the local level, and we worked real hard to get there. And I'm happy to say we're actually there now. We still have problems and they bubble up. But we have a new way of addressing problems, not with 450,000 grievances and lawsuits

but actually in, you know, real intra space discussions on what will be best for the workers and for the operation.

Cohen:
I think everybody be interested in knowing some practical examples of what difficult problems that you've had to work on, and/or are working on with this new mutual respect for each other's competing views.

Grizzle:
Sure. I want to talk about two, George. We have been implementing for a number of years within the FAA the most sophisticated technological transformation that has gone on in the Federal Government in quite a while. It's -- it has to do with the automation systems that support our in-route air traffic control centers. And in 2009 -- late 2009 -- we found that we had a system that was -- we were beginning to bring online that had multiple problems and no effective process for correcting those problems. One of the things that I saw immediately was that we had not involved our controllers in both the design of the technology, and more importantly, the process for rolling it out. And that had led to issues that were -- that came from the time the product rolled off the loading dock of our contractor, to the time we were trying to implement it in the facilities. And I came to see that there were -- there were three things that I was going to get if I involved controllers more intimately in this program.

The first thing was that I was going to have the knowledge and insight of the people closest to the actual problem; they were closest to the traffic that we were trying to direct with this system. Secondly, when it actually got to the control room floor if they had been involved in its design and rollout, they were going to have more buy in and working through us, working along with us, through the problems that would still exist at that point. And the fourth was that -- hang on a second here I -- I had this written down here and now I can't even see it here. The fourth was -- the third was that by doing it this way, we were going to fully utilize all of the intellectual capital we had at the FAA. When we were not using our controllers in the development of the most important piece of technology we had right then, it was as if we were leaving large numbers of players on the bench at the most critical times in the game.

Cohen:
So Paul, given what you've just heard what was the bargaining unit's response to understanding that, for the first time, someone might be actually wanting to pay some attention to the ideas that they had?

Rinaldi:
Well it was interesting that he fails to mention that they were deploying that equipment from somewhere around 2003 to 2009; was supposed to be fully implemented in 2009. And without doing it without us and understanding what we do on a daily basis, the equipment just didn't work. It was going to be scrapped and I think it was about, at that time, was about $2 million -- $2 billion into the program.

And Trish actually was negotiating an MOU for us to get involved, and this was before David even got involved, but just on the -- on the, you know, the cusp of just getting a fair collective bargaining agreement and getting involved, she was negotiating positions of, yeah, how many we would insert to start working on this project. And they were going back and forth with agencies, oh we don't want 10 you can have six or seven, and we would just say listen we want to put the best people there. Well, you know, interesting thing today I think we're about 500 people working on this [laughs] program to make it successful. And it is working --

Cohen:
Yeah.

Rinaldi:
-- and we're not fully implemented. To think it was supposed to be fully implemented in 2009, and here we are on the approach of 2014, and we're still not there --

Cohen:
Right.

Rinaldi:
-- but we're close.

Cohen:
So Trish, impact on the morale of the workforce when they see that they're having an opportunity to participate in a meaningful way. How does that translate from your standpoint?

Gilbert:
So we've gone up and down with administrations unfortunately, the political winds have, unfortunately, dictated the relationships we've had with our employer. We went through a lot of engagement when Jane Garvey was the administrator controllers were involved; and a lot of the technology and airspace redesign, staff, and training, which was a good time.

Fast forward to the next administration where they said, "You go control traffic we don't need your ideas, opinions, your buy in. We will do it, we don't need you." And so the controller workforce was very open to saying, "Okay, it's yours, you got it. When it doesn't work don't come to us and ask us to fix it." And that's what happened. And it wasn't any attempt by the workforce to make something work or didn't work. They knew once they rolled it out if the controllers weren't in -- involved, it wouldn't work, and that's what happened.

Then -- so it took a little bit of leadership and coaching on our side to get the controllers to engage again with an employer that, to them, hadn't really proven anything other than signing a collective bargaining agreement. There were still some leadership that needed to occur and there were a lot of wounds. And -- but it wasn't that much of a push for us to get them engaged and involved because ultimately the controller workforce, they don't go in just to plug in and separate airplanes, they really truly care about the safety of the systems and the passengers that fly through it. So it wasn't a heavy lift but it was a workforce that was wounded and hard to get back on board. But once they were on board they're all in; and now you can't keep them away from anything that they think can improve the efficiency of the system. I mean they're all in on everything now.

Cohen:
So is the notion that managers understand that by getting input they're not giving up their managerial authority but they might, perhaps, be even better managers? Is that something that has become a mindset among your managers, David or Terri [spelled phonetically]?

Cohen:
We've made some progress. But George, you can't underestimate how difficult it is.

Gilbert:
[affirmative]

Grizzle:
It is much harder from a self-esteem and self-confidence point of view to collaborate than it is to be directive, and so we've had to do a lot of training. Terri, why don't you talk about that?

Gilbert:
Yeah, well I think that the workforce, whether it's management or labor, will model the behavior of their senior leadership. And one of the things that we've worked hard to do is to be good models of that, and to live it. And it's one thing to say you're going to do it but you have to exercise it every single day.

So we've set about a number of different training initiatives over the last couple of years that we've worked together. And in its earliest inception in this administration we put a steering committee together between management and labor, and it's got leadership from both parties on there. And who really set about determining what the policies and the practices are going to be from a collaborative standpoint. And then there's a number of steering committees as well that participate to really try to push this through the workforce.

But to David's point I mean it really, from a management standpoint, we still have -- we have much work to do. And, you know, it's a large, large organization and we will continue to chip away. Training is something, I don't about other folks' agencies and departments but, you know, depending on funding it has to be a priority and it's something that we will continue to prioritize. Because unless management buys in working with their counterparts it -- we don't want it to turn back the other way, so --

Cohen:
So obviously this is a very appropriate point for me to put on my FMCS sales --

Gilbert:
[affirmative]

Cohen:
-- hat. How are folks do this really well? We do it free of charge and we are always available seriously to help parties, particularly ones who have undergone this incredible transformation that has taken place in your world from PATCO to today. So I think the folks might also like to hear about any other, Terri, specific examples of where you've worked together. I don't want to yet say the sequestration word because --

Terri Bristol:
[affirmative]

[laughter]

Cohen:
-- I know that even in the face of that muck and mire you folks have advised me that you --

Bristol:
[affirmative]

Cohen:
-- treat each other probably much better than most federal agencies and their work --

Bristol:
[affirmative]

George Cohen:
-- forces. But I know you had a couple other --

Bristol:
Yeah.

Cohen:
-- thoughts on --

Bristol:
Yeah, yeah.

Cohen:
-- this thought, Terri.

Bristol:
Just briefly, in 2012 part of the reauthorization language that came out part of it was Section 804, which was specifically looking at opportunities to potentially, you know, realign and consolidate some of our facilities. Our facilities across our national airspace system are vast and large with hundreds of facilities. And so we set about to work collaboratively with NATCA and put together a group that would start to scope this out; and I think that the teams did a fabulous job working

together. They came up with a multi-step process that will kind of dissect, you know, what is today our facilities, you know, and hopefully keep us in a line with other technology advancements that we're trying to roll out. But the work that this team has done is just phenomenal. And we couldn't have done it without FAA and NATCA working together, so --

Cohen:
Paul, do you have anything --

Grizzle:
You know, George, as we put -- it feels like [spelled phonetically] --

Cohen:
Please.

Grizzle:
As we went into the shut down --

Cohen:
Yes.

Grizzle:
-- and earlier when we were faced with sequester, we could not have undertaken those activities and protected the airspace if we had not done it in a collaborative way; it would have been devastating.

Bristol:
[affirmative]

Cohen:
Paul, any additional words of wisdom for --

Rinaldi:
Oh well that --

Cohen:
-- the group?

Rinaldi:
That's not to say we agreed on everything.

[laughter]

Because we certainly --

Cohen:
That's a word of wisdom.

[laughter]

Rinaldi:
We certainly had our disagreements and we still have some disagreements of how we've gone about -- with the sequester, the cuts. And then, more importantly, I think we share the same concerns that as we move forward if sequester stays in place on what it's going to do to the National Airspace System, and actually to staffing in the air traffic controllers. The academy has been closed since the beginning of March; every time we think we're going to open it back up we have another deadline that we have to hurdle over. And with the shutdown for 16 days and now we're looking at opening up in January and it's, you know, there's that magical January 15th date that we're looking date so it is a deep concern.

But it goes back to one of your points of relationship. If we did not have a strong relationship knowing that intent was always to do what was best, we would have struggled through a lot of those issues. And we didn't because there are -- there is a process, there's a grievance process where there is a way to resolve your disputes; come visit you is a good way to resolve our disputes. But at the end of the day it was built off the relationship to get through that period.

Cohen:
So I think it would also be informative for the group to understand that when the mediation began after the debacle between the green book and the white book. What was done was to sit in a room and sort of walk before anybody ran, to get people comfortable with the notion that they could talk to each other, think about how to solve particular problems, build up some momentum. You know, all this no-brainer stuff, build up some momentum with the thought in mind that after four, five, six days people were beginning to enjoy the process, to actually get involved and begin to understand if they take the easy ones first then they're going to get to the little tougher ones --

Grizzle:
People enjoy working with you?

Cohen:
Not with me --

[laughter]

-- with --

[laughter]

But while you're saying that your folks had the great -- the great fortune to have Harry Rissetto as outside counsel, and Harry is here today. And only Harry would have been able to weather the Black Cohen storm --

[laughter]

-- when we looked up and we said, don't say non-negotiable ever again.

[laughter]

Say it's the management's right, say we won't give it to you, but don't tell those people its non-negotiable. A lesser management lawyer than Harry Rissetto would have not accepted those words of wisdom from Black and Cohen.

[laughter]

But he did and that laid the groundwork. So the transformation has been spectacular. What do we see going forward? Terri, any thoughts about the going forward?

Bristol:
I'd like to defer to Trisha I think.

Cohen:
You're going to defer to Trisha?

Bristol:
Yeah.

Cohen:
What a great group, okay.

[laughter]

Defer to Trish.

Gilbert:
Well great because I wanted to make two more points before I get to that. 450,000 grievances with the help of Arbitrator Block and Dana Eischen. We got through that in about two years and resolved those one way or another; pulled them, resolved them, settled them, decisioned -- they got -- we got decisions on them. We now probably ripe for arbitration have less than 10 grievances, and probably nationwide maybe 80; and that's where we're at with grievances now.

I find it interesting in that we had the secretary of commerce here and the secretary of labor and they talked about training of workforces and skilling them up, and giving them -- getting them prepared and taking care of our talent. It's funny that we went from a time in the agency where they wouldn't talk about training or any of that because it was a permissive subject. "We choose not to negotiate training with you, it's none of your business -- we'll take that." And they've come a long way. I think they realize that if they want a really skilled and trained workforce, that they have to involve the union and now that is always on the table. And, in fact, we are probably taking the lead on a lot of the initiatives that are important for a new generation of air traffic controllers.

Future for us is, hopefully, we'll continue to -- David is leaving us at -- next week. And we are, being government employees for as long as we are, we are very concerned that as soon as the face of collaboration walks out from the management side whether those, the haters as what we refer to them --

[laughter]

-- will revert back to their muscle memory --

[laughter]

-- and decide they want to push the union out; we are hoping that that won't happen. And Terri will take the reins and make sure that they stay engaged with the union, because we have a lot of challenges left. January 15th's right around the corner, staffing, sequester cuts, death by a 1,000 cuts there, are -- that's killing the government, it's killing the National Airspace System, and we need strong leadership to get through it.

Cohen:
I think those are heartfelt comments, Trish. Terri --

Grizzle:
I was think -- can I say one thing?

George Cohen:
Of course you can.

Grizzle:
I think we have accomplished one thing that was very much on the mind of Paul and me as we embarked on this process. And we were very concerned about when there was a change of the prevailing winds whether we would have gotten enough deep stakes in this -- in the ground about the effectiveness of collaboration, that there would be something that would hold people from changing their direction in going with the prevailing winds, and I believe we've done that. I believe we have enough documented successes of collaboration that those who are opposed to it as a principle of doing business will be very hard pressed to reverse it.

Bristol:
Yeah.

Bristol:
I would just add that, you know, David has always been a strong proponent of collaboration. I think it's just the way you are, you know, some people are more collaborative naturally and it comes much more intuitively to some. But I've always told people you treat people the way you want to be treated, and when you treat people with respect you cross and transcend across all different kinds and groups of people. I have always been a collaborative leader and that's not going to change, so it's not going to change when David leaves.

Grizzle:
Thanks.

Cohen:
So on those remarks I think I should advise everyone that this particular program is being streamed live. And I'm confident there are employer and unions throughout America listening to these words and being prepared to engage in major behavior modification.

[laughter]

Major -- thank panel number one.

[applause]

So obviously that brings us to panel number two which, as I said before, this is the first time we've had the pleasure of a public sector panel. These folks from Montgomery County, which is one of the nation's largest public school systems, they have had an incredible history in culture and tradition of working together. Dr. Starr [spelled phonetically], succeeded from Jerry Weast and with it not one, not two, but three labor organizations; one representing the teachers, MCEA; one representing the bus drivers and the blue-collar works, SCIU local 500; and one representing the administrators and principals.

And I think to get a flavor of how that sort of come about and how these folks are prepared to describe it to the world, we'll ask Doug to begin. But before I ask him to do that, you all know that the whole notion of advancing student achievement in the public schools through labor management relationships is a priority item. There's a Department of Education partnership with the FMCS, the two major teaching unions, and superintendent's organizations, and the school board organizations. The frustration, of course, is how many school districts there are, the unique culture of each one. But if there were to be a model that people should clearly focus on, I give to you panel number two.

And Doug, would you start the ball rolling or are you going to start the ball --

Jeff Starr:
Actually, I'm going to start.

Cohen:
All right. You told me --

Starr:
I'm just going to frame it.

Cohen:
-- he was going to --

Starr:
I know.

Cohen:
Oh --

Starr:
Well we changed mid-stream.

Cohen:
[unintelligible]

Starr:
Good morning everybody, Jeff Starr, Superintendent of Schools, Montgomery County. Thank you for inviting me here this morning. And I will digress for a moment. The comments that both secretaries made this morning regarding workforce development are really powerful; and the need to link it explicitly to the K12 sector is more important now than ever before. And because we cannot have a strong workforce development system without a really strong K12 system that understands those pathways.

I would also say these, you know, it's funny to use the word -- [unintelligible] to use the word, you know, labor group; I don't actually think of them in terms of labor group. I think of these three folks to my right as partners and we always talk about our partnership. And it is embedded deeply in the DNA of the Montgomery County Public Schools; whatever the formal title of their organizations may be.

So I'm going to give just a very brief context of Montgomery County and then these guys are going to go into the history; and then we're going to come back and talk about what the next level of work is. For those of you who don't know that Montgomery County Public Schools is the 16th or 17th largest district in the country. We always -- every year it's a little different we're growing by 2,500 students a year so sometimes we're number 16, sometimes we're number 17. We have 151,000 students in 202 schools, we have 22,000 employees, we're a $2.3 billion organization.

We're a very, very diverse school system much more so than people think. About 6 percent of our kids are multi-ethnic, about 15 percent are Asian, about 27 percent are Latino, that number is growing; kindergarten is now -- kindergarten and first grade is now equal Latino and white; we are 22 percent African-American and then the rest are Caucasian. A third of our students receive free and reduced price meals. We have more poor kids in Montgomery County than D.C. has kids in its public school system. About 16 percent of our kids, 15 percent of our kids are English language learners, that's a growing number. And the -- we have something like 90 different languages spoken.

So we are a very, very diverse school system and we have achieved, and I can take no pride of authorship here, or no credit, but over the tenure of my predecessor and given the leadership of the people to my right, we've achieved incredible results. Highest graduation rates for African-Americans, advanced placement scores, SAT scores that far exceed the national and local averages. And it is because of the partnership to embrace new work that has been led by the folks to my right; we've been able to do it. So I'm going to turn it over to them so we can talk about how that came about, and then we'll come back and talk about how we're using it to leverage the next level of work.

Doug Prouty:
So thanks, Josh [spelled phonetically]. Years ago in the late 90s my predecessor, Mark Simon, got very interested in unionism within the education sector and caught that from the president of NEA at the time, it was a guy named Bob Chase. And he thought about the ways in which we might be able to expand our partnership with the school system. And in particular was interested in trying to develop a system that would hold teachers more accountable, but also give us more to work with in terms of feedback and support.

At the same time we also had proposed to the Board of Education and after a lot of discussions and a little bit of wrangling about it, intra space bargaining as the context for our bargaining. And once that was adopted we got to the point where, you know, echoing earlier comments we got to the point where relationships had been established and trust had been established and we could move forward with the first of our professional growth systems. It was the Teach Professional Growth System started in the year 2000. There's a couple of tenets to it, one of which I'll just tell you a quick anecdote that gives you the context for why this was necessary.

My first year in the system, I'm a high school English teacher; I got called down to the assistant principal's office at the end of the year and she handed me my evaluation. It was a checklist of 10 items, all of which were checked satisfactory, which made me happy. And the evaluation had my, you know, demographic information and nothing else on it. So she handed it to me and she said, "Here's your evaluation, we think you did really well. Would you mind writing a couple of sentences for each of these checked boxes to tell us how well you did?" And I said I'd be really happy to do that.

[laughter]

And I did really well that year.

[laughter]

So the problem was there was no formal structure for giving meaningful and timely feedback to the teachers, and the support staff, and the principals in our school system. We just didn't have them in place. So over the -- over the following years we developed an evaluation system and a support system called The Professional Growth System that agreed on a bunch of different things. Expectations for every employee, in the same way that we expect our students to -- every student to be able to learn, we expect every employee to be able to do their jobs well. And we want to offer them support to make sure that they can do so.

Standards, we modeled our standards after the National Board standards. So there are six standards in place for our teachers, four of which are for instruction, two of which are professional development, and conduct. And we hold ourselves accountable for that. If you're below standard even in one of the six you're below standard, and you have to enter into a year of support in something called the Peer Assistance and Review Program. That's a program we set up and there's lots of others around the country, about two dozen, to make sure that folks had someone who was dedicated to helping them improve if they needed to do so.

The other advantage to this, and we're -- I, and again, echoing earlier comments in terms of talent recruitment and retention, we -- every brand new teacher in our county is automatically assigned to work in this program. So they have a year of support from someone whose job is to support brand new teachers and to support struggling teachers. After that year of support if they're doing well, great, they go into the regular system they get support from folks in the building. If they're not doing well but they're showing improvement, they can get another year of support. And if they're not doing well and they're not showing enough improvement, we have partnered together with the school system to help those folks move into another profession. Our work is too important to have folks in it who aren't doing the job in the way that we need them to.

Cohen:
So Doug --

Prouty:
Yeah?

Cohen:
-- let me ask you. The peer review, who is actually the reviewer in that situation?

Prouty:
So there's a group of folks called consulting teachers. And the consulting teachers are folks who have been in the system for at least five years, have gotten great recommendation in terms of their practice, they train each other. So there's three sets of them every year, there's first, second, and third years they design their own training. We've also worked with a group called "Research for Better Teaching" to help design this program. So they're all working together. There's a set of courses for folks who are going to conduct observations and write evaluations.

Cohen:
Right.

Prouty:
But it is classroom teachers who do that for three years; they're coming out of the classroom and then go back in the classroom for three years.

Cohen:
Right.

Prouty:
One of the things we insisted on at the beginning was to make sure that those folks were not, not that there's anything wrong with principals --

[laughter]

-- but we're not folks who just wanted to be principals and we're doing this as a way to get there; it had to be real peers. So they agree to go back into a classroom situation for at least two years following their time on that job.

Cohen:
Yeah. So some cynics, as you know Doug, have suggested that allowing a fellow teacher to observe and assist another teacher is somehow antithetical to --

Prouty:
[affirmative]

Cohen:
-- the system that they would like to see in place. Obviously you've overcome that?

Prouty:
Yeah.

Cohen:
Was it initially a concern or what -- how did you handle explaining to the teacher masses --

Prouty:
[affirmative]

Cohen:
-- that this was in their best interest?

Prouty:
So initially some folks are pretty resistant to it, especially folks who'd had a really good time going in their classroom, closing the door, and not having anyone see what they're doing. Some folks who were resistant to that they also said, "Well, you know, how can my peer actually, you know, do this? It shouldn't be my peer; it's my boss' job to evaluate not my peers." Over time they came to realize two things. One that the system was more fair and transparent than what we had before. And two, that it actually did offer more timely feedback and more structured support than we'd ever had before. And so folks came to realize that not only was it helping them it was helping the guy down the hall --

Cohen:
Yes.

Prouty:
-- or the woman down the hall whose kids they would have the following year.

Cohen:
Right.

Prouty:
Or whose kids they would have the next period. And so the better -- the better that we hold each other accountable the better it is for the kids and for all of us.

Cohen:
Merle?

Merle Cuttitta:
So not to be left out I've been President of SEIU Local 500 for the past 13 years. And when we -- I came on board in 2001, we had one bargaining unit which was only representing the supporting services staff of Montgomery County Public Schools. Which is basically if you're not a teacher and you're not an administrator or supervisor in those levels of central office, you're me. Bus drivers, cafeteria, the whole nine yards; about 8,500 of them I represent. About two years later -- so from 2001 when I came in I had -- I'm, from the rank and file, and I had heard about intra space bargaining, had heard about certainly the Professional Growth System Training, all these things. So there was a lot on my mind that I wanted to change and to be able to bring change and build a relationship with the school system.

We do have, all three of us with the school system, the Board of Education a trust and an honesty and a respect for each other. Yes, it is not as, our colleague said, it is not a rosy picture all the time. Collaboration is hard and it's time intensive and has a lot of work connected to it.

So while I was looking at both how do I [laughs] get trained in intra space bargaining, because the other two unions were using it, I really wanted ours to use it. We did go through a training, we had a lot of discussion with my executive board, we came to the decision because the following year was a full negotiations. We came to the decision that we would do the intra spaced bargaining and -- with the school system in the next negotiations. And we were ones that called upon the school system, and us together said well do you know anybody that could facilitate -- help us through this as SEIU, because the teachers were using another group. And so we said, "well we do happen to know folks," and that's when we called them. And we happened to run into someone that my executive director knows and he's in the office -- in the audience, is Curt Saunders [spelled phonetically]. And Curt Saunders has been with us, helping facilitate our negotiations with the school system, for the past 13 years. And he's still with us today doing it.

So we got through that phase. In the meantime, we come out of only representing one bargaining unit; 13 years ahead, I now represent 14 other bargaining units and my jurisdiction is the State of Maryland and Washington, D.C., private sector, and non-profits. So --

Cohen:
So Merle, let me interrupt ask you --

Cuttitta:
[affirmative]

Cohen:
-- a question. This intra space bargaining, there are a lot of unions think this is an excuse for co-opting to management, or making --

Cuttitta:
[affirmative]

Cohen:
-- concessions and they don't want any part of it because --

Cuttitta:
[affirmative]

Cohen:
-- you're not pounding your chest and adversarial.

Cuttitta:
[affirmative]

Cohen:
What was your rank and file reaction when you thought it was a good idea to engage in intra space bargaining? What was the reaction you --

Cuttitta:
I --

Cohen:
-- were getting --

Cuttitta:
From --

Cohen:
-- as a leader?

Cuttitta:
From what I was seeing and from the -- certainly the executive board who are my touchstones and what they see out into the membership; with what we have now and that we didn't have then was the membership felt we did not have as a -- as a -- as a group of people respect. We didn't have the opportunity to sit down and actually discuss and bring our ideas that could come forth in some kind of manner. There was no structure to be able to bring management and labor together for our organization.

So all of those reasons are reasons why I wanted to take a look at because I got a list a mile long of things I wanted to accomplish with the school system. And at the same time raising that level of the belief that my folks have a connection to student achievement. Just -- even though they're not in the classroom directly, some of them are para-educators things like that. And so we had to change language. We had to actually go out and focus groups and talk to folks about okay so how do you, as a maintenance worker, have a connection to student achievement? And they're like, "I don't know, Merle. I don't. I'm not in the school." I said it doesn't matter whether you're in a school or not. The fact is is that as your job you might go out to that school, you might fix the plumbing, you might fix the HVAC, you might be fixing the lock, you might be doing painting. What is that connection? The connection is that you are providing a safe and healthy environment for those students and staff within that building. That's your connection to student achievement. Once they -- that was like a light bulb that went off for each of them, especially ones that were not in the buildings.

Starr:
Okay if I can just comment very quickly in that I tell people all the time, I take this from our transportation supervisor. Our bus drivers are the face of MCPS. They're the first person that our kids see when they -- when they interact with the school. And they are the people that our families trust every day with their kids; it's literally precious cargo. So the work that Merle has done to help them understand that connection is critically important to everybody understanding how, you know, everyone is all in when it comes to supporting the kids.

Cohen:
How about from the administrative standpoint?

Dr. Debra Mugge:
The Administrators Union is the youngest and the smallest of the associations. We were formed in 1981 after MCEA voted us off the island and said we no longer want the Administrators in our union. So --

[laughter]

Prouty:
It wasn't me.

[laughter]

Mugge:
But it -- you know it turned out to be a great idea.

[talking simultaneously]

Starr:
1981 is theme and --

[laughter]

Mugge:
That's right.

[laughter]

Mugge:
That's right. And during the first formative years of our union the presidents were basically volunteers. They were full time school-based administrators, or central office administrators, and also assuming the role of the president. So you can imagine that if you are a full time principal you're running your building but also trying to run the organization, attend the meetings, be involved in the bargaining, the negotiations and it just wasn't working. So we collaborated in about 1999 with the system and found a way to have a full time president for the Administrators Union. And that's why myself, as a high school principal, is now on leave for my position so that I could assume the role full time.

We are the smallest, you heard Josh say that we have 22,000 employees; 780 are administrators. Central service administrators, operations, and also building level administrators. We're a hearty group and we're also a group that is looked at as both labor and management. We consider ourselves labor but we're seen as management because we have supervisory responsibilities and also we evaluate employees. So it's a unique position because we're working with all three contracts, and we're working with all three professional growth systems. And we really do rely on the collaboration and have built our organization around the collaboration, so much so that all three of the association have collaboration articles in our contract so we don't lose that aspect.

Coehn:
Josh?

Starr:
So I walked into this two and a half years ago recognizing that there was two forces in play. One is this history, this architecture, that's been created; we have systems, we have processes and structures, to complement the relationships, and build the relationships, and expand those into all aspects of our work. So it's not just about our written collective bargaining agreements it's about how we do work on a day to day basis to solve problems.

And at the same time there was a lot of money being put into the system from about 2000 to 2008. And then the economy dried up and these guys actually took a lead in convincing their membership to, you know, keep wages flat to make sure that we could keep serving kids. And at the same time there's a very -- there's been a very anti-labor education reform movement going on in this country, from the highest levels of the Federal Government down through states, through waste at the top. And through some really, really problematic policies that are not reflective of what we know actually serves kids.

So on the one hand we have an urgency around trying to serve kids who haven't been served, and superintendents are seen as the people who are supposed to push that through. And the -- and the rhetoric surrounding that in the reform community and, again, being pushed throughout the country at the highest levels, is that labor is the problem. And I come into a situation where, in fact, labor has been a huge part of the solution. So how do you reconcile all of those while trying to do very different work, because we also have a brand new set of standards in our country? I don't -- I'm not sure you've heard the common core state standards but what we are trying to do to help promote kids to be college and career ready is not actually consistent with the workforce development needs that you all have. So there's really a difficult situation that's going on here that we have to navigate through.

What I've found though has been the foresight of the associations to say you know what, we want to actually be ahead of the curve, we want to hold each -- ourselves accountable. Merle didn't mention the work that she's done to promote people's development throughout the SEIU. So we have teachers who started as bus drivers or para-educators and the incredible work they've done. So you know what? We have to develop our people.

The work that Doug has done to say, you know what? We need to be ahead of some of the curve so we have to use survey data in a different way and get the voices of -- really very, very different work. The work that Deb [spelled phonetically] does as well to get her principals to say you know what? There is a level of accountability that you have to accept and take, and you have to know the contract, and you have to be very inclusive in working.

So I'm able to actually work with them to create new architecture, new systems, building on the great work they've done to say we have a whole different problem in public education right now. People are always decrying it but the way that the national reform movement is going, and we've been able to successfully protect our professional growth system in the face of an incredible tidal wave of opposition to it. But because of the strength of the relationship and the systems, the processes, the structures that we're constantly reviewing, we're constantly improving. You know, we don't just rest on it we meet all the time to say how we're doing, what can we do better, enables us to say we know we're going to get it right, and we know we're going to get the results. And then we get the results for kids so we can tell everybody, you know, back off because we get the results. It works.

And it's going to be tested; it's being tested right now. And we're actually in the midst of negotiating a new contract right now and we want it to be a forward thinking three-year contract that embraces innovation, and also properly compensates people who have -- who have been flat for a long time. How do we do it in the face of a lot of sort of public discourse that goes directly against what we know is so important. It would not work without the architecture and the deliberateness around the processes and systems and structures that then enable us to form the relationships to solve the problems, so --

Cohen:
So Josh, I have a very unfair question.

Starr:
Sure.

Cohen:
I know you know other superintendents.

Starr:
Yep.

Cohen:
I know you talk to them. So how come this great model isn't being used around the United States of America?

Starr:
Twofold. One -- you know, so in my -- in a previous district I wasn't superintendent but I've been trained in intra space bargaining as a cabinet level member of a superintendent staff, and it was great. And then I tried to take that to the next

district I was in where I was superintendent and the local just rejected it. I mean they had no interest whatsoever. So you do need leadership from the associations. It's absolutely critical.

Two is I do think superintendents, as was said earlier, I think they don't want to give up power necessarily; don't realize that power should be productive and generative. And the more transparent you are and the more you invite people into the problem solving, then I think David maybe you said, when you go to people who are at the closest to the problem and ask them to innovate, ask them to be part of it, it actually makes everything better. But it's hard to give that up, particularly if you've been in situations where you're seen as the one who's ultimately responsible. So I think people are afraid.

Cohen:
And you know in the private sector, as everybody in this audience knows, the whole notion of joint labor management cooperative committees, whether it's safety and health, whether it's health again, exactly identical. So I hope everybody understands why we selected these two panels, what they had to offer, what they have actually achieved goes far beyond many of the other counterparts that they have. I want to thank everyone for their time and energy and the incredible contributions you're making to the labor management world. And thanks again for being here with us.

Male Speaker:
Thank you.

Male Speaker:
Thank you.

[applause]

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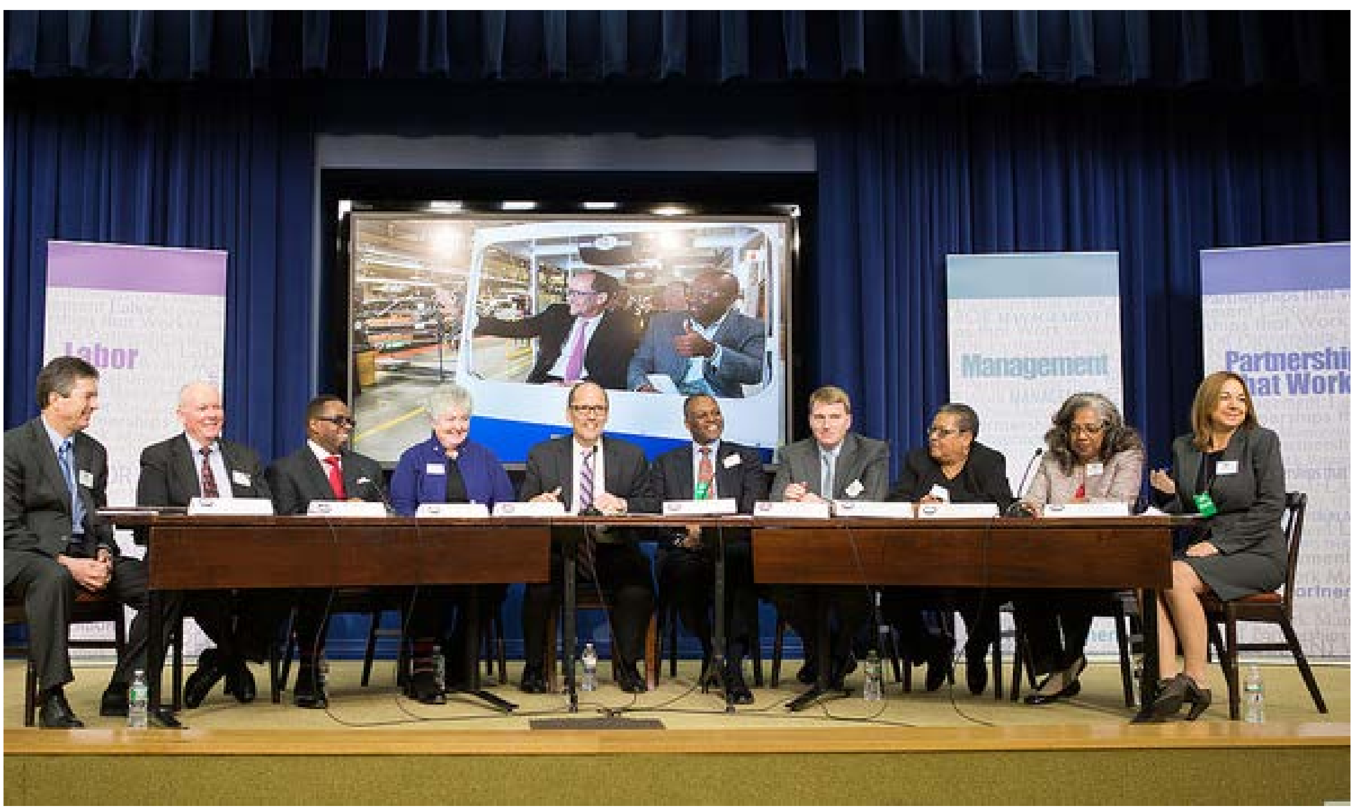


Panel 2: Ford Motor Company/United Auto workers; The Walt Disney Company/ Building and Construction Trades Department, AFL-CIO; & 1199 SEIU/Montefiore Health Systems/1199 SEIU League Training and Upgrading Fund

Thomas Perez:
Good morning. And I want to thank our first panelists. It was a very, very educational moment. And George, thank you for your wonderful leadership. Now, I -- George is moving from retirement to -- I don't know if you also know. Jerry Springer is stepping down and --

[laughter]

-- George will be replacing Jerry. And I saw him at LA Fitness the other day. He was throwing chairs, just to practice for his new gig as a game show -- talk show host. So, George, I think you're going to do great.

[laughter]

And you should do it in New York, because then, you know, the accent will work. Okay? Just a suggestion.

I want to also very quickly acknowledge -- Carolyn Colvin is our acting administrator of the Social Security Administration, and has been a wonderful partner in so much of the work that we do on behalf of working people. And so, Carolyn, thank you so much for being here. I also noticed --

[applause]

-- one of our EEOC commissioners -- hi -- Phil Bloom [spelled phonetically] is also here.

[applause]

And so, it's great to see you, Commissioner. And I have a feeling I may have missed somebody. I know I saw a few other people here. I also want to acknowledge, we -- we're going to be talking in a moment about remarkable partnership at Ford. But we've also, in our work -- and Secretary Pritzker noted that she was in Germany recently, looking at the apprenticeship models in Germany. And one company that has really been in the lead in apprenticeships, and also in labor management co-determination, is Volkswagen. And I believe Sebastian Patta is here. I see him in the back. And thank you for coming.

[applause]

We certainly have a lot to learn from the work that you have done in collaboration. So, it's great.

So, we're going to continue this wonderful conversation this morning about partnership. And I'm going to start with folks on my right. And this is the story of Ford, and the story of a company that, in 2007, had an existential crisis on its hands. And this is really a story of fast-forward to 2013. And as I mentioned a couple minutes ago, or earlier this morning, I traveled to Ford plant in Louisville. I'll note, just so I give full disclosure, before I took this job, the last car we bought in July -- or June of this year -- was a 2013 Ford Escape. Turns out it was manufactured in Louisville, Kentucky. So, I got to watch my car come off the assembly line most recently. But it's a remarkable story, the Ford renaissance -- of partnership, of -- we're in it all -- we're all in it together, of -- making sure that we are able to both take care of our workers and our shareholders. I talked earlier about false choices. And they are -- they -- and also, another false choice is job safety and job growth. One of the safest work environments and one of the most technologically-sophisticated workplaces that I have seen. And so, so much has been done in Ford for this renaissance. In the next half hour or so, we're going to discuss how that happened. And we have a remarkably august group of folks here.

To my, furthest to the right is Bill Dirksen with -- who is with Ford, in senior leadership. Marty Malloy, with Ford as well, in senior leadership. And to Marty's left is Jimmy Settles from the UAW. I had the good fortune of meeting with all of the Ford and UAW folks when I was down in Louisville, hearing the story of the renaissance there. And by the way, 2007, 2008, I think there were 900 employees now. You're 4,400 and growing. And that's going to be a question that I ask about you shortly. And then to my immediate right is someone who needs no introduction, Mary Beth Cahill, who works as well with UAW. And so, what I'd really like to start out -- and for the benefit of the group -- is to ask any of you who want to start, and maybe, you know, I'll start with Marty and Bill. Tell us what it was like in 2007. What were you confronting in 2007? What were the choices? Who was in the room as you made those choices? And how is it that we went from an existential crisis, literally, where hundreds of thousands of workers and millions of -- millions of people, by extension -- were on pins and needles, to where you are today, where the Louisville plant and so many other Ford plants are models of innovation and productivity?

Marty Mulloy::
Yeah. And it, quite frankly, it's -- sometimes you have to pinch yourself to -- where you're at today versus looking back to where --

Perez:
[affirmative]

Mulloy:
-- Jimmy and I and the Ford Motor Company UAW were. In 2006, we lost $17 billion. And we lost $50 billion, basically, if you took those five years leading up. This was a very troubled company. Our market share had been cut, basically, in half. And this is before Lehmann Brothers collapsed. So, you can imagine. I think the bookies wouldn't have given us a high probability of surviving, particularly if they knew, at the time that the SAR, which is a number of vehicles built in North America -- at the time it was 17 million units. And it dropped to just under 10 million units by '09, the height of the collapse. So, we needed to quickly restructure the company.

And in '07, I got to give a shout-out to Bob King. He was the vice president of the National Ford Department. He came in. We sat down with him. And we had utter transparency of our information and our books. They could take a look any of our books. We made our calendars available, sat down with the chief financial officer, sat down with the CEO of the company, sat down with all the key management to truly understand the depth of how far we had gone and what we needed to improve. And we worked collaboratively with the UAW. We exited around 40,000 employees. About half of those were retirements. And the other half were employees we offered opportunities to leave. And we did some very, very innovative things. For instance, we offered educational opportunity program, which offered a $15,000 scholarship for four years. 15,000 a year. Half your salary, so you stay in health care. And we gave a $50,000 life insurance policy. What we wanted to do is make available a variety of different programs so people could leave, and then they go back into the community, and they contribute to the community.

And together, we worked on this. We exited around 40,000 hourly employees. You've got to remember, our market share was dropping, so you had to restructure your plants. You've got to close some operations, unfortunately. But we didn't have one involuntary separation in the entire process. And we came out of this a much, much stronger company, if you take a look at us today. We were very fortunate in that we did not have to request any buyout or any, you know, bankruptcy assistance. At the same time, we acknowledged the efforts of the president. Quite frankly, he saved the industry. If he hadn't stepped up, and helped our counterparts, the entire supply sector would have crumbled and Ford Motor Company would have gone down with the entire domestic automotive industry.

So, we -- I've got to tell you, we couldn't have done this without the UAW. And we worked hand-in-hand every day with the UAW, going through this entire process. And it goes back to what George said, those principles. We lived those principles with the UAW. And together, we built together a -- the future we have today. And we put together a profit-sharing program. Last year we paid $8,300 to our hourly employees. And this year, we're very confident that we're -- actually, we could beat that, depending on the fourth quarter earnings results. But up to date, we are actually beating that track record. So, this has been a profitable growth, in all, and a true, great success story, and a part of a great union and a great company.

Perez:
Jimmy, what -- tell me what the world was like that -- in 2007? And what were the membership meetings like? And how did

you transform to where you are today?

James Settles, Jr. :
Okay. Let me first say I'm not Bob King.

[laughter]

Perez:
No.

Settles:
I -- but see --

Perez:
But you play him on TV.

Settles:
Yeah.

Perez:
I saw the show.

Settles:
Bob King is actually now the president. And in 2007 he was vice president.

Perez:
Yeah.

Settles:
He had the responsibility I have now. In 2007, I also was the vice president in another sector. So, I was able to watch it. We had many, many meetings as the executive board to talk about the issue with the Big Three. And I tell you, it was some very, very not only tense times. There were some very, very hard decisions that had to be made very rapidly. And then we also -- I just thank Ron Gettelfinger, who was the president at that time, who also took a very, very strong position that we had to do something to save the industry and also to save jobs in America. So, those membership meetings were very volatile. People were very emotional. I mean, you know, a lot of people just did not believe that corporations were in this type of financial distress. But you know, we had to go to them and talk to them.

And I'm a firm believer in the -- it worked out there. You give the people the proper facts at the proper time, they'll make the right decision. And I think, you know, the corporation really did something totally different. They had become totally, totally transparent. And he's absolutely right. Even in 2007, and as I speak today, that we get to see everything that they see. And I personally get to see the information, the financial information, the growth, the new models. And we are part of the decision-making, as we speak, to now. And I think this has made not only a stronger company, but it made us a very, very better membership and leadership, because we now understand each other's program and policies. And I just want to echo, too, what George has said. I mean, that's the key -- is the relationships --

Perez:
[affirmative]

Settles:
-- and transparency, and understanding what each one brings to the party, and maximizing your intellectual -- not only with the salaried portion, but also the hourly portion, because we had many, many -- we work in teams now, where we used to just work individually. We have a totally, totally different workforce.

Perez:
Let's take your -- you have a global footprint. Let's take a concrete example and walk through 2007 to 2013. And for me, Louisville is very concrete, because I was just there. So, tell us what was -- what the world was like Louisville in 2007, and what you had to do, moving forward, to get to where you are today, which is one of the most productive assembly plants in North America?

Mulloy:
Louisville formerly built an SUV. And in fact, we had two plants running a total of six shifts building SUV. And the market changed. And gas costs, you know, go up. They were down to about 800 employees, one-shift operation. And they were planning to close. We were going to close the Louisville assembly plant. And we sat down with the UAW. And we negotiated with UAW. And we came up with a plan. And the plan was to take the Escape and put it into Louisville assembly plant. And we also put -- took the Transit, which was -- a Transit was being built in Europe. And we put the Transit over in Kansas City assembly plant. They formerly had the Escape. Okay? And we also took a medium -- this is all kind of moving parts, okay? And we also took a medium truck, and we put it into our Ohio assembly plant. So, together, we were able to place a number of products in U.S. manufacturing locations.

And I'm -- I've got to tell you, for every one job in an assembly plant, we create 10 jobs. The multiplier effect is 1 to 10. So, if you sit back and just look at Louisville, and as you mentioned before, you know, we brought in around 4,500 jobs. So, multiply that by 10. And this is what we meant to the economy, U.S. economy. And we also -- the Michigan assembly plant. Michigan assembly plant was, at one time, Michigan truck plant, which was big SUVs. And we put the Focus in that plant. And that -- again, we have around 4,500 people in that plant. And by the way, our highest technology -- our hybrids, our electrification -- is also at that facility. Again, you multiply those by 10, every job by 10. So, we brought literally hundreds of thousands of jobs to the U.S. economy. You know, we believe very strong -- Ford Motor Company -- we believe very, very strongly in U.S. manufacturing.

And working with the UAW and this transparency of information and sharing with Jimmy, it's basically lay it out -- because we've got to get a return on investment on our -- on our products. Our Board of Directors won't give us money to invest in the U.S. unless we can demonstrate a return on investment. And what Jimmy mentioned before, about the workers, our work -- our work force is efficient and it's productive as any work force in the world. And today, with the work we've done with the UAW, our labor costs are much more in line and competitive across the globe.

Bill Dirksen:
And if I can just --

Perez:
Yeah.

Dirksen:
-- to that, the restructuring we did back in '07, '08, '09 was very, very difficult. And we said goodbye to a lot of employees. And it was all done voluntarily, but it was a big chunk of the Ford family. It was very difficult. But you do that for a couple reasons. One, in our case, was just to survive. But beyond that, you do that to put yourself in a position to grow. And that's where the Louisville story comes in.

Mulloy:
Right.

Dirksen:
Because we only had 900 people that are making a legacy product. And the plant was going to close. We restructured the business with the partnership of the UAW to put ourselves into position to invest in American plants. Louisville is a great example. Now it's 4,400 people and growing. And you know, we've hired a lot of people in the community. And as Marty said, that brings a lot of other jobs to the community. So, as difficult as it was, we believe it was the right thing to do, because it

puts us on the footing to add new employees to the company, new members to the UAW. And that's really, you know, what we both want to see happen.

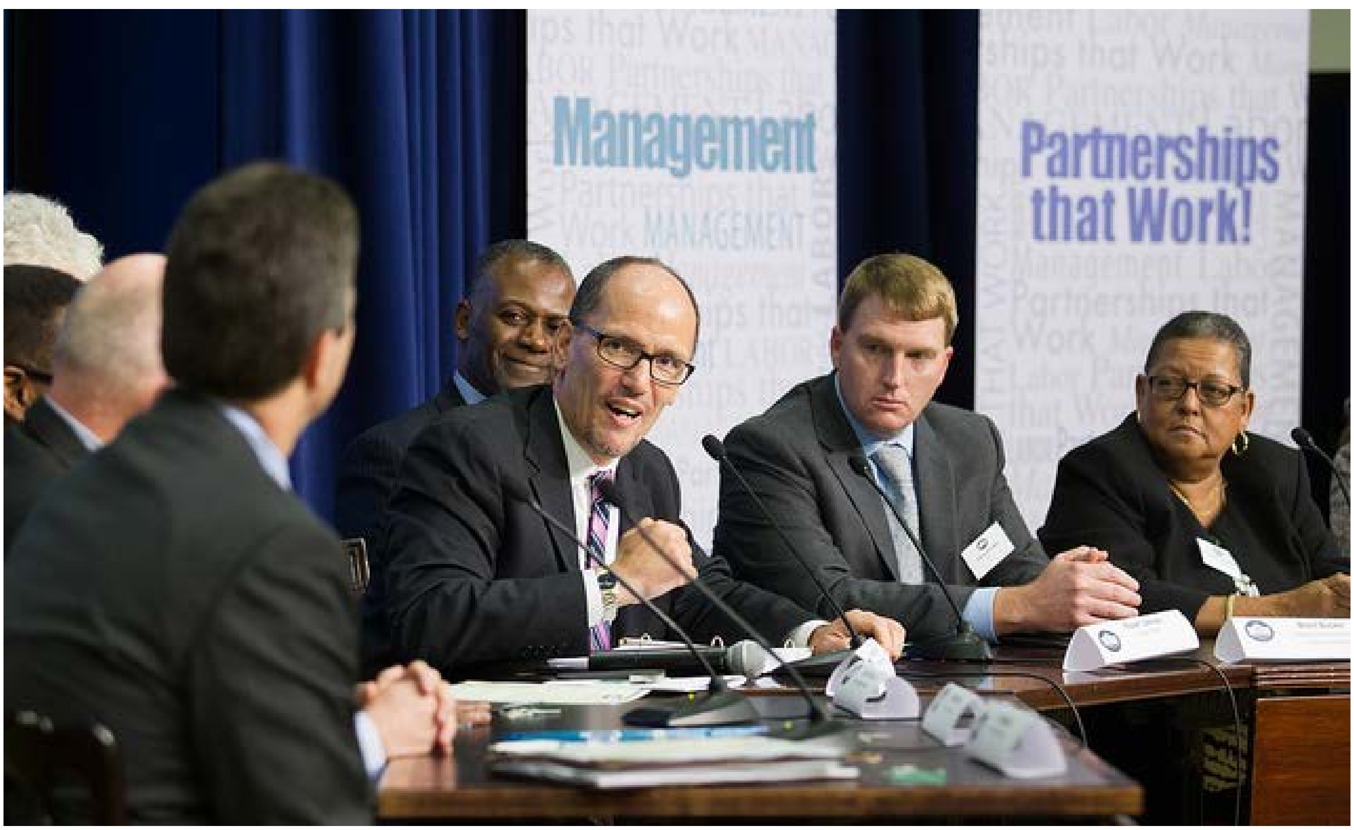
Perez:
Yeah, go ahead.

Settles:
Fast forward to 2013, because one, it's really my pride and joy. That -- historically, other companies have been running away from the United States and going to Mexico. And we always, for the last decade, had begged for opportunity to compete head on with them and asked them if we can bring in a vehicle, a car that we can make in the United States. And we were successful in negotiating to bring the -- a vehicle, the --

Mulloy:
Fusion.

Settles:
-- Fusion that was currently -- that was made in Mexico, to bring it into the United States. And now it's being made at Flat Rock. We just started rolling them off the line two months ago. We went from a plant from -- that plant has 700 people. And as we speak today, has well over 3,000 people. And we're developing a very high-quality vehicle. And then we are competing, you know, with Mexico on that vehicle. As a matter of fact, the dealerships are now saying people are coming in and want to make sure that they're getting the -- a car that's built in Flat Rock, in America, rather than one in Mexico.

Mulloy:
Let me add one other thing about communications. Prior to negotiations -- this is way ahead. So, Jimmy, what's the most important thing? He looks at me. "Jobs, Marty." Jobs, jobs, jobs. When we put a product in, we make decisions four years in



advance. So, we ended up in negotiations in '07. And we started on Day One trying to figure out "How do you bring jobs into the United States?" So, how do -- how do we make that work? So, way, way in front of negotiations, Jimmy and I were talking about how we're going to --

Perez:
[affirmative]

Mulloy:
-- make that happen and bring those products to the United States.

Perez:
I want to bring Mary Beth into this, because Mary Beth's history long predates her current job with the UAW. She -- her dad is a UAW member -- a proud UAW member. And I was listening to all of you. And I've negotiated a few agreements. Not as -- I haven't been around the block as long as George. But you know, the -- a key to whether it's with Wells Fargo or whether it's with the police department, in any context, is building that trust. And I'd be curious. You know, Mary Beth, you've seen this trajectory over decades. And obviously, you as well, Jimmy. What was the key to getting, you know, a buy-in from members, moving forward, that -- because this is a leap of faith, you know, after a while, you've got to trust me. And that -- I mean, I heard Dr. Starr talk about, you know, he tried to put in place inter-space bargaining in his prior job. And the trust wasn't there. They were suspicious. They weren't willing to take that leap of faith. How did -- you know --

Cahill:
Well, I'd be very differential, obviously, to --

Perez:
Yeah.

Cahill:
-- Jimmy on this, because he was at the table and was the person who was negotiating this. But it's an absolute platitude that nobody has a -- no shareholder has as much investment in the company as a worker does. And that is very true of the UAW. And over the years, the trust and respect that has built up between UAW and Ford made it possible for Jimmy to sell some of the concessions that were necessary for us to make -- to help make Ford as successful as it is today.

Mulloy:
Yeah. Let me -- one other thing. At Ford Motor Company, from management's perspective, and with dealing with the union, and senior management -- we consider labor relations and labor negotiations as a team sport. So, Jimmy can knock on the door of any senior officer of the company and have a discussion and talk about, "How the business?" In fact, when I'm in meetings, one of the first things they say is, "How is Jimmy? What's going on? What's he thinking?" And actually, we're really pleased. Jimmy has invited Ford Motor Company, our senior officers and the company officials, to his subcouncil meetings, which we had never done in the past, so we can explain what our business plans are, cycle plans, how the company is doing, keep everybody informed. It's just that the -- it's, again, the transparency which George talked about.

Perez:
All right. And I have one more question, because we have two other sets of panelists here. And I'm equally excited to talk about those. In my -- one of my vivid memories of my trip to Louisville was -- and I'm -- I spent a lot of time in Kentucky, trying cases. And I was told that if you call it "Lou-ee-s-ville," you'll -- they'll send you back to Yankee-land.

[laughter]

Cahill:
That's right.

Perez:
You've got to move your lip -- and it's "Lou-a-ville."

Mulloy:
To Buffalo.

[laughter]

Perez:
They call it "Lou-a-ville."

Mulloy:
"Low-a-ville."

Perez:
So -- and so, one of my very visceral memories was how the job of someone on the assembly line -- I grew up in Buffalo, New York. I've seen assembly lines in the '70s and the '80s. Today's assembly line is qualitatively different and requires a set of core competencies that seem far more sophisticated, in many respects, and exciting. And people had a hop in their step on the assembly line. But they really had to be on their toes. And I'd be curious -- maybe turn to you, Bill, to talk about, you know, what are the core competencies today? And you know, what should Dr. Starr and other people, you know, in -- who run places like Edison and elsewhere, be thinking, as they prepare tomorrow's workforce?

Dirksen:
Well, what you saw is what most of our plants are like. They're very high-technology. A lot of automation. A lot of equipment, and skilled workers to keep it running. That's what we need and that's what we're working on. From an education standpoint, you know, we're trying to get more involved in driving, you know, STEM curriculum out through all the, you know, the high school and post-secondary years, because we need them in all levels of our organization. And I guess what I'd add to that is it's not only the technical skills. But there's a lot of sort of team and interpersonal skills that go in our -- into our plants now, because there's so much need to work together at the plant floor level, which is another great part of our partnership with the UAW. Outside of the collective bargaining context, equally important is the work we do with Jimmy and his team every day in the plants to make the plants a better place to work and to make them more productive.

And a big part of that is team-based organizations, where we're trying to give people on the floor the skills and the autonomy to run their area without the traditional levels of supervision. It requires a lot of training. And it requires a lot of culture change. And you can only do that kind of culture change if you're doing a collectively -- as -- with the management and the union leadership together. A long process. But I think we're making really good progress on that, through partnership with Jimmy and his --

Perez:
[affirmative]

Dirksen:
-- leadership with the UAW. And you know, that's equally important to the technical skills in our plants.

Perez:
Great.

Settles:
Can I add one other thing --

Perez:
Sure.

Settles:
-- to that, too? I echo that. But also, it's not just what we do internally. I mean, externally, we're in the community because we're seeing we did a lot of harm. And really, it took a lot of people to take a test. It's probably one out of every four goes

through both phases -- the test or the physical --

Mulloy:
[affirmative]

Settles:
-- that actually passes. And one of the reasons that we see is we have neglected our public school system for so long that we don't -- the new employees who enter the work field don't have the skills that they need to have. And so, we recognize that. And I'm really, really glad that collectively, from the union and company, decided that we're part of the problem, that we had to go out here in the community and assist public schools, in order to better train people. And as we speak today, in the city of Detroit, within the last six months, we have donated -- not -- almost $1 million to the school system to make certain that they have the necessary skills so they can be prepared to go -- for the new workforce. And it's more than the money also. We are now talking about doing a mentorship program, a bigger mentorship program that we do now. It's not only in Detroit. We're looking to every plant that -- where we have -- that there are plants in that city to do the same thing.

Mulloy:
Yeah. I'd like to -- Jimmy's the guy. The work we're doing --

[laughter]

-- I've got to tell you. And when this comes to really caring about particularly the city of Detroit, you know, we're going through some tough times. No one has done more and worked with Ford Motor Company more passionately, about reaching out to that city. And Jimmy's passion has -- Ford Motor Company leadership also gets it. You know, going out there in the community and working with the people. And I give him a lot of credit.

Perez:
Thank you so much. I certainly learned a lot. I hope others here have learned a lot about how you can tackle challenges by looking forward and working together.

[applause]

I am equally excited to introduce our next two panelists, Brent Booker and Robert Johnson. Construction apprenticeships are, I think, some of the best-kept secrets. And we need to unlock these secrets and make sure that people know about them, because as I travel the country and talk to people in construction industry, and manufacturing, and IT, and other contexts, the role of apprenticeship and training is critical. And it's underappreciated. And I believe it was the New York Times that had an A-1 story about programs in -- and this issue. And I'm confident you're going to continue to see the president talking a lot about this. And the complementary way in which Disney and the building trades -- and please give my regards to Sean McGarvey, who is a wonderful leader -- have been truly remarkable, in terms of enabling pathways to the middle class and addressing critical workforce needs.

And so, I really want to start out by having you talk about, what was the genesis of the partnership? How did you operationalize it? And what have been the outcomes?

Brent Booker:
Okay. You mean, so I'll start?

Robert Johnson:
Sure.

Booker:
So, first, Secretary Perez, thank you for the opportunity, and for hosting this, moderating this panel and these other panels. We appreciate your time and your commitment to training today's workers as well as tomorrow's workers. So, we certainly value the opportunity to be here.

We're also just as excited to -- or I'm just as excited to sit here with Robert from Disney, to explain to you all the partnership and the mutual respect we have for each other. The building trades department came to a negotiation and reached an agreement in 1971 with Disney, which happens to be the year they opened. And we've had a continuous maintenance agreement since 1971, negotiating three, four, five-year cycles as we do it. And last year, we did another four-year agreement --

Perez:
[affirmative]

Booker:
-- that we both come to the table. And I think we incorporate all five of the points and the principles that George mentioned earlier -- that we have a mutual respect for each other. I opened the negotiations thanking Disney Corporation for providing an opportunity to put 4,000 of our members to work every day. And it's not lost on me that when you have 4,000 people who show up to work -- and most of them show up to work at 10:00 at night, because you don't see them during the day -- you know, they show up at work at 10:00 at night -- that that translates into, you know, tens of thousands of families and the extended family, in which they're committed to providing health care benefits for, you know, one person in the average family, the average copay. You know, it's a family of four that are covered by the -- by the healthcare agreement. So you've got 4,000. You multiply that out. We're talking 15, 20,000 people that are covered by Disney's commitment to making sure that their workers are provided health care.

They provide pension contributions so that when you do finish your career -- these aren't easy jobs -- that you are -- and it's backbreaking work, that, you know, you're on your feet all day or you're lifting heavy objects. And you can't do that for 50 years. You can do that for 20, 25, 30 years. And at the end of that career -- and it's a career; it's not a job -- that they have a retirement, a respectable retirement that they can get, and at the same time, providing a middle class income, you know, for wages. So, we've had this partnership. And it's based on -- it's not all roses all the time. We certainly --

Johnson:
Yes.

Booker:
-- have our disagreements. But that doesn't mean that we don't walk into that room, that we have the same common goal in line. And they want to have the world's best amusement park that is attractive for the whole world to see, both in Orlando, Florida and California. And at the same time, they have a respect for the workers that keep that park the way it is. And they show that, and they demonstrate that through their commitment through a negotiating process, and what they're committed to. So, you know, we have the maintenance agreement. Like I said we have about 4,000 people that show up in Orlando. Another thousand or so in California.

And on top of that, Disney has a wholly-owned subsidiary, BVCC, Buena Vista Construction Company, which is the construction company -- which, I was just in Orlando a couple of weeks ago completing negotiations on that. And that's another -- an additional 1,200 people who are doing more, not so much for the maintenance aspect of the work, but the construction aspect of the work. They're -- anybody that's been to Disney always sees that they're always -- they're always expanding. They're always building. They're always doing something. And one of the ways they do that is through their own construction company. And again, since 1971 -- Robert, correct me if I'm wrong in telling the story -- but they had a contractor building the Magic Kingdom, that halfway through the project, the Disney executives walked up and there was no contractor there anymore. He had walked off the job site, and that's when Disney had informed Buena Vista Construction Company to come in. And they immediately came to the building trades. So, we negotiated an agreement. And they completed the park in 1971 and have had an ongoing agreement since then.

Perez:
Brent, before I turn to Robert, if I'm an employee and I've been working there five years, what's the rough salary I'm making?

Booker:
The salary ranges any -- you know, probably the average salary is about $22 an hour, is what they get on the check.

Perez:
Right.

Booker:
And in addition to that, you have training --

Perez:
Plus that --

Booker:
-- contribution, and healthcare contributions, and pension. So, you know, 40, 50, 60, $70,000 a year is, you know, how they are compensated for, you know, 4,000 people.

Perez:
Right.

Booker:
So it's a -- it's --

Perez:
Good middle class jobs.

Booker:
-- a good middle class job.

Perez:
Right. Robert, how -- what's the value proposition for Disney in doing this?

Johnson:
As Brent pointed out, this is actually a long-time legacy --

Perez:
[affirmative]

Johnson:
-- proposition. We didn't come to this conclusion overnight. We didn't come to the results overnight, either. There were a lot of hiccups along the way and things that we had to work our way through. But it's a business commitment. I think it was Secretary Pritzker who mentioned this morning the traditional way of finding a workforce isn't really relevant any longer. You don't go out and steal them from your competitors. You don't rely upon trade schools and those types of things to produce people who will meet your needs. You have to be an active participant in managing the process to find those people. And we can't do it alone. We do in conjunction with Brent and his colleagues, who actually facilitate this process, and bring about, frankly, the pool of people over a period of time through this commitment that we get the benefit of producing the product that -- those of you who visited the park, you see the magic that takes place. But there's a tremendous infrastructure behind that, where that magic is only possible by virtue of those people who show up at 10:00 at night, and those people who go through training programs, and those people who work in the trades to facilitate those structures and operations that produce that result.

Perez:
How do you guys work together to design training?

Johnson:
It's a collaborative process. It's a process where we try to be the facilitators. We rely upon Brent and the folks in the trades to identify those kills that are most relevant. And actually, even in the --

Perez:
[affirmative]

Johnson:
-- recruiting process, they play a crucial role in reaching out into the community. Trade schools, high schools, job fairs. They know the tasks that are involved. They know the skills that are necessary. They know the process better than those people who actually direct and manage the process. Fortunately, a lot of people who direct and manage that process are actually alumnus of the process itself.

Perez:
Right. You know, I'm -- I was listening to you. And I was thinking about a conversation I had with a CEO, who shall go unnamed, of a private sector corporation, who said, "I don't want to have anything to do with a union." And I'm listening to you all talk about how you stay at Ford. And I'm listening to you talk about, you know, that Magic Kingdom wouldn't have been so magical if that contractor hadn't been replaced by somebody. What's the value proposition for a private sector entity, of maintaining this relationship with the union?

Johnson:
I can speak to how valuable it's been to us.

Perez:
Yeah.

Johnson:
And I would say invaluable.

Perez:
[affirmative]

Johnson:
The -- as Brent pointed out, it's not -- not always rosy. Actually, I would say it is always rosy. It's just we sometimes bump into the thorns.

[laughter]

But --

Perez:
That's --

Johnson:
-- we manage to navigate around --

Perez:
-- that's a good metaphor.

Johnson:
-- those, and we manage to get to the results that we are committed That's okay. And that's the key -- is commitment.

Perez:
Right.

Johnson:
We collaborate. We don't always agree. But at the end of the day, our objective is clearly to be in the same place to -- which -- with the result that is beneficial to the organization and to his people. And the -- you can't accomplish one without the other.

They represent their people in a way that is exemplary. And they lead them. Their leadership is really what makes this work.

Perez:
Brent, how -- I'm going to ask you the same question I asked Jimmy and Mary Beth, which was, leaps of faith are what relationships are sometimes about. And building that trust. Tell me the evolution of that process.

Booker:
I mean, like anything, when it first started --

Perez:
[affirmative]

Booker:
-- you don't -- you don't trust each other, you know? And I wasn't there in 1971, but there's a leap of faith when they come to us and say, "We want to do something." I can --

Perez:
You weren't on the planet in 1971.

[laughter]

Just for the record.

Booker:
I wasn't going to --

Perez:
Nor were you, George, for that matter.

[laughter]

I just wanted the people to know -- he's taking an early retirement.

Booker:
So, I can speak to you as to -- as to my evolution within the company.

Perez:
Sure.

Booker:
And what I've seen over the last five, 10 years, that -- you know, you look back at 2008 and fourth quarter, first quarter of 2009. You have an economic downfall, you know, in the construction industry, where 20, 30 --

Perez:
[affirmative]

Booker:
-- 40 percent unemployment. You look at who your -- you find out who your friends are real quick, when things go bad. And even though Disney's numbers were down, they had signed an agreement in September of 2008 with, you know --

Perez:
Yeah.

Booker:
-- significant, you know, three, four percent annual increases, creating new safety programs. And not once in 2009 until we renegotiated the agreement, did they come to us and say, "I need you to give us something back, because we had fewer people go through the turnstile." And that tells me a lot about the company, that, you know, that they figured out other ways to manage --

Perez:
Right.

Booker:
-- how they were going to address, you know, fewer people coming through the turnstile. And they didn't go to the first person, to the worker, and say, "All right. I had, you know, less people. So therefore, you're going to get less your pay or you're not going to get the raise that we promised you in the negotiations." Not one time did they come to us in those four years and ask for anything other than -- in fact, Buena Vista Construction Company -- our numbers grew with BVCC from 2009 until 2012. So, they had every reason. And you looked at the news. And we certainly had other experiences in the construction industry. And like I said, you found out who your partners were and who your friends were, because we had, you know, plenty of other partners come to us and say, "I can't survive unless we take something back that we had already promised you or that we had negotiated." So, you know, that certainly, you know, opened my eyes to --

Perez:
Right.

Booker:
-- the type of company we're dealing with when we're sitting across the negotiation table. And they didn't have to come to negotiations and that be their opening line. We both knew it. We had -- they had the respect for us. We had the respect for them. We certainly knew where we stood in these last negotiations. And the trust is -- the trust is there. And you go back to 1971. It's not something that just happened overnight. It's a long-term commitment. And you know, and I'm here to speak about building trades, but Disney -- all the employees who work at Disney are represented by a union. So, that tells me, you know --

Perez:
Right.

Booker:
-- their commitment to doing the right thing.

Perez:
I was -- you actually took my next question, because I was -- you know, I took economics many years ago. And elasticities of demand. And, you know, when times are tough, you figure out what you can't do. And I would think that some of the leisure travel is something you take out of the equation, because you've got to pay the rent and make sure you have the basic necessities. So, I'm guessing that times were tough for Disney. And how did -- how did you manage -- not simply your relationships with the building trades unions, but your workforce generally? How did you weather the storm?

Johnson:
You weather the storm by preparing for the storm.

Perez:
[affirmative]

Johnson:
We tried to avoid managing in disaster mode when unfavorable events come to our doorstep. And Brent said we didn't come to them and ask for anything. Actually, we did. We actually, throughout the process, and over the years, we'd go to our people who have -- try to have them input into the process, how to do things most efficiently.

Perez:
[affirmative]

Johnson:
How to achieve better efficiencies in everything that we do. And that is an ongoing process. It happened after 2008. And it's continuing to happen. We'd like to make sure that our people are part of decision-making, because there's a buy-in that goes along with that. And I think, as someone else mentioned this morning, with regard to the air traffic control situation -- that has been part of our fiber and who we are. We have moments where we experience difficulties. And those economic realities come to our doorstep like every place else. But this entire process is an investment.

Perez:
[affirmative]

Johnson:
Apprenticeship programs are not funded on an annual basis. That's a five, six, seven-year horizon commitment. And that's how we view it. It is an investment. And that payoff is inevitable over time. And we don't run from it during periods of time which are more difficult.

Perez:
Right. Imagine we were having a meeting, now, of advanced manufacturing companies and construction companies. And they -- and I'm thinking about my travels over the last 132 days. And I've -- I've met -- again, yesterday was most recently on my mind. I'm in Milwaukee and they tell me -- the manufacturing guys are telling me that the average age of someone in the trades in the greater Milwaukee area is 59 years old. And they're going to have remarkable amounts of retirements in the next few years. And we hear this time and time out. You know, we -- the workforce shortage. And the skills challenges. What -- I mean, you have a -- you're on to something here. You know, what advice would you give to that focus group of construction companies, advance manufacturers, about how you can deal with this issue?

Booker:
Well, we commit -- and speaking outside of just the Disney World, but in the -- in the north of our United States, the building trades unions commit $1 billion a year in our training and apprenticeship. That's not taxpayer dollars. That's not federal loans, grants.

Perez:
[affirmative]

Booker:
That is money that we have negotiated. And people a lot smarter than me, decades ago, had the foresight to say, "We've got to do something to train our workforce." And they took money out of their wage and established training funds. And those training funds have grown to an investment amongst all 15 of the building trades unions, to $1 billion a year. And you've got full-time staff. You've got international unions who have partnerships with colleges that, you know, not only do you go through a five-year apprenticeship program. You come out of that with an associate's degree and a journeyman status that give you the skills to have a career for the rest of your life.

So, there's a commitment on our side. And it's with our partnership. It's with our negotiation, with our contracting partners, to continue to invest in our training infrastructure. And we do it on a -- on a cents-per-hour contribution. So, we don't panic when we have a disaster of the economy -- in 2009, the construction market. Those monies and those facilities and that infrastructure is in place.

Looking, you know, strictly at the Disney model, we've got six training centers within a 15-mile radius of Orlando, of Walt Disney World. We've got 20 training centers within 100-mile radius of Orlando, so that that's how we're drawing people to get them the skills that they need. You look at California, and you have six training centers within 10 miles of Disneyland and 32 training centers within 50 miles of Disneyland. So, we have an infrastructure in place. We have the training model in place. We have the expertise. We have the unbelievable trainers who go through programs on an annual basis, on training the trainers. One of the things that we're missing right now is jobs. And that's how we've got to -- that's what we've got to work on together, is to how -- how do we -- how do we walk through -- how do you have some -- we can't put somebody through a five-year training apprenticeship program without placing them in a job. Our training model is based on --

Perez:
Right.

Booker:
-- you work 40 hours, a week and you go to school at night, and you go to school on the weekends. So, we've got to be able to place them on their jobs as they're going through the training.

Perez:
Right.

Booker:
So, that's the million-dollar question is -- is, you know, how do we -- how do we find the jobs to place where -- to fully utilize the capacity that we have in place and the infrastructure we have in place?

Perez:
Well --

Johnson:
I have a couple postulations [spelled phonetically]?

Perez:
Sure.

Johnson:
The jobs piece of it is something we've been really fortunate with. The people who completed the program -- we've managed to accomplish 100 percent placement of those people within our organization. And at the line -- the retention rate, I don't have the numbers off the top of my head. But we rarely lose anyone who came through those programs. They're trained. They're extraordinarily skilled. We teach them in sort of a renaissance fashion, where they learn interdisciplinary skills as well as the area of specialization. When they come on board, they come from a lot of different places. And that's another thing that I'd like to commend Brent and his group for.

Perez:
[affirmative]

Johnson:
Is that they reach out into the community, and they create opportunities for people who wouldn't, you know, otherwise be the beneficiary of these opportunities, whether it's in the diversity of the workforce, or whether it's bringing women to non-traditional roles, or whether it's reaching out to veterans who are -- we're trying to reintegrate into the workforce. Those have all been places where we've managed to achieve some accomplishments. We've still got goals in front of us, but it's something where the emphasis and the commitment to those opportunities has reaped the rewards that we've anticipated.

Perez:
Well, I know we've learned a lot at DOL from your experience and leadership, and we look forward to learning more. And I do want to thank you for your commitment in all of these areas. But I would be remiss if I didn't thank you, in particular, for your commitment to hiring veterans. You have so many good programs, whether it's Helmets to Hard Hats, the conference recently --

Johnson:
Yeah.

Thomas Perez:
-- in Orlando, where best practices were discussed. I believe the First Lady was there. And our success in this collaborative effort has been a function of so many entities: unions, and employers, and others coming to the table. So, thank you very much for your commitment there.

[applause]

Our next panel is another panel. All of these panels have been near and dear to my heart. I had the privilege of going up to New York. And I do want to start by saying, and I spoke to the president the other day. And he continues to pray for Eliseo. And I'm glad that he is eating. And we strongly believe that his efforts made a huge difference. And I was privileged to go to the mall to visit with Eliseo and the other fasters three times. And my children were moved by it. And I was moved by it, and I know the president and the First Lady were moved by it. And I'm confident that Congress will be moved by it, and that we will have comprehensive immigration reform, because I was with the Chamber of Commerce --

[applause]

I -- it doesn't matter where I go. I was with the Chamber of Commerce in Milwaukee last night, and they were talking about the workforce shortage. And they need immigration reform. It's a demographic imperative in Wisconsin. And we're going to get it. But I'd be remiss if I didn't say thank you to Eliseo for his leadership.

I've been to New York to visit this remarkable partnership between SEIU-1199 and Montefiore Health Systems -- and actually, so many health systems in New York City. The healthcare workforce is a very dynamic workforce. And the training needs are very, very dynamic. And they have developed a very collaborative model of training, a wide range of workers. I remember going to a class of home health workers. I remember going to a class of other allied health professionals in training. And I was struck by the diversity of the room. I was struck by the strength of the partnership. And New York City is in great shape.

And so, it's my pleasure to introduce three people who have been neck-deep in leading this effort -- Estela Vasquez, the executive vice president of 1199; Nerissa Madhoo-Chin, who's the director of labor and employee relations at Montefiore; and Sandi Vito, who's the director at 1199, of the training fund, and the upgrading fund, and the upscaling fund, and a leader across the nation -- formerly in Pennsylvania for a while, working on issues of empowering workers and working with employers. So, join me in welcoming this panel.

[applause]

So, let me throw out a question to the three of you right at the outset. Why did you see the need to come together? And what has been the value added of the partnership that you have brought to bear in New York City?

Sandi Vito:
Well, all of us at the table are too young to have been --

Perez:
Yes.

Vito:
-- during the original agreement, which was in 1969.

Estela Vazquez:
'59. '59.

Vito:
‘59 was the original collective bargaining agreement. The training fund was developed through the collective bargaining process in 1969. So, but I -- the inception of the fund and the continuing mission of the fund is to meet complementary needs -- the aspirations of the workers, of course.

Perez:
Right.

Vito:
And the workforce shortage needs of the employers. And let me ask Estela and Nerissa to kind of talk about that from the union perspective and the employers’ perspective. But it really is a partnership designed as an education trust fund, to provide education benefits in line to the industry needs.

Perez:
Just at the outset -- if my memory serves me, you have hospitals contributing and you have SEIU contributing -- roughly equal amounts? Or -- I forgot what it --

Vito:
It’s --

Estela Vazquez:
All hospital contributions.

Perez:
It’s all hospital? Okay.

Vito:
It’s part of a collective bargaining process --

Perez:
Okay.

Vito:
-- where, just like the apprenticeship programs --

Perez:
Great.

Vito:
-- the workers --

Perez:
Okay.

Vito:
-- forgo part of the wages.

Perez:
Estela?

Vito:
Go ahead.

Vasquez:
Yes. Thank you. Montefiore Hospital in the Bronx was the first hospital that recognized the union in 1959, after a very lengthy, contentious strike. So, we go fast forward, 1984, another contentious, very difficult strike. 47 days. And then we go into the '70s, 1990s -- the '80s and the '90s. And the changes in the industry has forced both management and us to deal with, how do we move forward. Changes in funding, Medicare, Medicaid -- which a lot of these institutions -- not only Montefiore, but hospitals in New York depend on -- forced changes as to how health care is delivered --

Perez:
[affirmative]

Vasquez:
-- how do you control costs? How do you deal, especially in the last 20 years, with rapid changes in technology, in the care of -- in the delivery of care? And now, when we come to the present, the Affordable Care Act puts additional challenges to institutions on how care is delivered. And the consumers have an option. That also requires that the hospitals provide care that is cost-effective, but also that have good outcomes.

So, since the late '90s, since 1998, we developed a program of labor management partnership, which is the union and the institutions, to begin transforming the way we work with each other at the workplace. How do we work hand-in-hand to improve our quality of care, to increase patient satisfaction? But at the same time, to make sure the workers are satisfied in the workplace. Satisfied workers provide quality patient care in the -- in the hospitals. And for the last -- over the last decade, we have worked jointly to meet the needs of the industry, to train the workers, prepare them to deal with the challenges that are coming and with the new technology.

And not only to deal with what happens in the workplace, but also in the communities where the hospitals exist. The Montefiore Hospital is located in the Bronx. Fifty-one percent of the population of the Bronx is Latino. But the Bronx also shares some other issues -- socioeconomic challenges of chronic illness, unemployment, and on and on. And we are working now on a project called the Learning Collaborative. We're seeking to increase the number of Latinos and Latinas coming into the healthcare profession, and also using -- taking our members in the hospital and giving them the opportunity to move forward the areas of work. So, if somebody came in and is working as a housekeeper, how do we assist that worker through the training and education fund, so he or she can begin to prepare to go to college and acquire skills that would allow a career ladder move into a better job? How do we begin to -- because of the population that I mentioned, the 51 percent Latino in the Bronx, how do we work in the hospitals to create a workforce --

Perez:
[affirmative]

Estela Vasquez:
-- that meets the needs of the patients that come through that emergency room by the hundreds every day, and who may not speak English. And they need to be able to receive care in their own language. And the one issue is, in healthcare profession, is the number of, for example, nurses who are bilingual.

Perez:
[affirmative]

Vasquez:
How do we take LPNs and work with our members in getting them to prepare to become graduate nurses? And by the same token, how do we work with the learning institutions, the community colleges, and the colleges in the Bronx, hand-in-hand with the employer, to develop programs that prepare workers, that once they finish a training program or they finish a degree program, they are prepared to go into the floors of the hospital and do the work that is required to be done?

Perez:
Nerissa?

Nerissa Madhoo-Chin:
I just want to tell you a little bit about Montefiore Health Systems. We have -- we consist of six hospitals -- we just acquired two -- and an extended care facility. We take care of -- we have a total of 2,000 beds with all those facilities. We have 150 specialty care and primary care locations throughout the region, mostly in the Bronx. And we have the largest school health program in the nation. And we also have a home health program. We serve -- in the Bronx, there are over a thousand -- a million people.

Perez:
[affirmative]

Madhoo-Chin:
Montefiore serves almost 450,000 of those individuals. We have 20,000 employees. Of those 20,000 employees, 9,000 are represented by 1199. What we find with Montefiore is that -- prior to my going to Montefiore -- because I've only been there for seven years -- they were really very visionary. Looking ahead to the future in terms of what healthcare would look like. And as a result of that, decided to come together with 1199, partner with 1199 to say, "Okay, let's look down the line. What's going to happen in another 10, 20 years? What kind of care are we going to be providing? And how can you, as the union, assist us with that?"

And what has happened with that partnership is the discussions that we've had, the resources that we get form the training fund -- our senior leadership is very committed to our collaboration with 1199. They see value in it. We've seen the value in it. We have had many, many programs that we've worked on. We have very successful labor management meetings with -- big collaboration, also, with the Federal Mediation and Conciliation Services. So, our vision and what we do collaboratively is done from the top down, senior leadership down.

Perez:
[affirmative]

Madhoo-Chin:
We do have challenges. The challenges that we face mostly is with our managers from time to time, who do not understand that there is one goal for both labor and management, and that is to take care of that patient. Provide them with the best care possible that's out there. And we work on those from my end, which is the management end, to educate those managers. And the union does the same. And we work together collaboratively. We've had many, many sessions where we are all -- senior leadership, supervisors, managers, the union organizers, delegates -- have met to have these discussions, to talk about the one goals that's out there, which is to take care of our patients.

Perez:
Thank you so much. That was very --

Male Speaker:
Eloquent.

Perez:
-- eloquent and enlightening. And I want to follow-up on something that all of you touched on. I think you may have touched on it most explicitly, Estela. I had the privilege of serving in, like, 2003 or 2004 -- on a group called the Sullivan Commission. It was a non-partisan body chaired by Dr. Lou Sullivan, former HHS Secretary under Bush I. And our charge -- we were founded by the Kellogg Foundation -- was to look at the issue of health professions' workforce diversity. And the report can be summarized in one sentence -- "The absence of sufficient health professions' workforce diversity is one of the biggest explanatory factors in racial and ethnic disparities in health status and poor health outcomes in underserved communities." That was the summary of the report in one sentence.

When I went up to New York and spent a wonderful day at 1199, one of the things that jumped off the page was the diversity of the folks that I was meeting in the training rooms. I met a -- I was in a room of home health trainees, all of whom were

Chinese. I was in another room of people training in -- I forgot the other context. And it was very racially diverse. And so, I guess I'll start with you, Nerissa. You know, knowing -- and I know you are aware of the economic, moral self-interest imperative of making sure that you can serve your communities that you're serving as effectively as possible, how has this partnership enabled you to recruit and retain a workforce that is able to serve the community that is one of the most diverse communities on the planet?

Madhoo-Chin:
I think because of the resources that are offered to us through the training fund, for whatever needs we may have -- upcoming needs that we may have.

Perez:
[affirmative]

Madhoo-Chin:
Things may be -- we may have to look at things differently. And then that's when we partner with the union. We get Estela and sit down. We'll have those conversation with her. Our health care community, you're right, is very truly, truly diverse at Montefiore. But we find that with the support that's given to us through the training fund, and initiatives that we embark on to try to help our associates -- that's -- we refer to our employees as our associates --

Perez:
[affirmative]

Madhoo-Chin:
-- to help our associates to better meet the needs of the patients, and also their needs as individuals. It's not always roses. We do have our battles. But we do it with respect. There is a great deal of trust that we have developed with the union to help us through this process.

Perez:
[affirmative] Estela or Sandi --

Vito:
I got something [spelled phonetically] --

Perez:
-- did you -- because --

Vasquez:
I wanted to add something, that it's not just meeting with Estela.

Perez:
[affirmative]

Vasquez:
It's meeting with the members of 1199.

Madhoo-Chin:
Absolutely.

Estela Vasquez:
We have a system wide at Montefiore -- a labor management committee that meets monthly. But also, at the departmental level, because that concern that is not just from the top down, but how do you do partnership from the bottom up? Engage the workforce in the process. We have what is called departmental labor management meetings, where the local manager of the department and the workers -- the representatives -- meet together also on a monthly basis. And I would like to take this

opportunity to say thanks to one of -- Mr. Cohen -- to one of the -- your colleagues. Peter Donatello [spelled phonetically] who did a wonderful job for two years ago with us, developing in one of the departments a labor management committee. So, the question is how you involve also the workers in the process, understanding that the success of the hospital is also part of -- is what gives us the job security. The more patients that come to the hospital, the more job security we have, just like more people buy your cars, the more --

[laughter]

-- security the union has. And it's also because our members are not only the people that help provide care in the institution. They're also consumers of care, because that's -- the hospital is also that provides --

Perez:
Right.

Vasquez:
-- for their care.

Perez:
Right.

Vito:
Okay. So let me -- Estela had mentioned the Learning -- the Bronx Healthcare Learning Collaborative a bit earlier. And what that came out of, labor and management together, saying, "We have this wonderful workforce" -- they might be in dietary and housekeeping -- "who would make great nurses or social workers." But they don't tend to participate in education programs. And we want to stimulate that. And one of the things that we were able to do is push the higher ed system to create a program that provides college credit but focuses on building English-language skills, to be successful in college, and overcome the sometimes ridiculous algebra tests that people have to take to get into college. And while you're getting the nine credits in the context of learning about health disparities, and it's a bridge to get into those professional and technical healthcare jobs where you provide direct patient care. And that came directly from labor and management saying, "We have this problem," and using their collective power to push higher ed to be more responsive to the needs of both the industry and the workers.

Perez:
[affirmative] Sandi, you, I think, have -- you've done this stuff on a regional and national level. Where do you see other similar partnerships in the healthcare setting, where health providers and unions are working together?

Vito:
Well, there are -- I mean, not to be, you know, giving an unmitigated plug to the SEIU --

[laughter]

-- training partnerships across the country -- but there are healthcare partnerships across the country where management and SEIU have come together in similar ways. So, in California, in Washington State. There's a home care partnership in Illinois. So, there are partnerships like ours. We are the biggest and we would say the best, but -- there are partnerships specifically designed to meet the -- both the industry needs and the aspirational across the country. And it comes through the collective bargaining process, as George said earlier.

Perez:
[affirmative]

Vito:
It's one of the great benefits of that collective bargaining process.

Perez:
How -- here's my final question. I am somewhat more familiar with the healthcare sector than I am with making cars, because I --

[laughter]

-- among other things. I'm the youngest of five. And all my siblings are doctors. So, I sat through a lot of medical talk growing up. And then that's why I went the other way.

[laughter]

But it's a dynamic field. And there are certain occupations -- and this isn't unique to healthcare -- but there are certain occupations that are in higher demand. And then there are certain occupations that your employees and your members are currently doing that may not be necessary as we implement the ACA, as just the dynamics of healthcare evolve. And how -- one of the things that struck me when I was up there was there seemed to be an acute recognition of that. And what impressed me was that rather than fighting to keep yesterday's jobs that market forces are making extinct, it seemed like you had an appropriate focus on taking the workers who may be in those professions that are in danger of extinction or evolution, and making sure that they're in a position to succeed tomorrow. Can you talk a little bit about that, from both the employer and the union perspective?

Madhoo-Chin:
I think -- I'll start, Estela. I think --

Vasquez:
Yeah.

Madhoo-Chin:
-- when we -- when the hospital take a look at what its plan is going forward, and changes that will happen in whatever they want to move forward in, we get involved from the HR perspective. And we meet. We understand what's going to happen. And then what we do is we call in our partners. And we say to them, "This is what we need to do. This is the time frame we need to do it in. We know there are certain things that may happen with your membership. We would like to train your membership. We would like to have things changed, change the structure. Let's get together. Let's call in the training fund, and let's see how they can help us with those jobs that are out there or the jobs of the future that we're going to need to train the individuals to do that." And we've been very, very successful in doing that, in both sides coming together, having those conversations, talking it through, implementing training programs. And the training programs that are put together are put together with the fund, with the union, and with our associates. They are a key piece to it.

Vasquez:
And I will give two examples. We challenged over the implementation in the healthcare industry of electronic medical records --

Perez:
[affirmative]

Madhoo-Chin:
[affirmative]

Vasquez:
-- which has required a rethinking of how medical records are going to be kept. It's not going to be all these thousands of pieces of papers in the folder somewhere in the basement of the hospital --

[laughter]

-- which was a lot of papers. And we've been working collaboratively with the industry in preparing, and have had symposiums, have had meetings, to -- and with workers, to say, "This is what's happening. How do we get ready and go ahead of the curb?"

A second thing is that -- another example is that the Affordable Care Act has created the -- will be creating a lot of more outpatient care, will create an expectation, because reimbursements will be based on patient satisfaction. So, how do we increase customer service, patient, satisfaction in the workplace, and how do we begin to prepare our workers for that? So, one project that we have going at Montefiore is called "Developing a Talent Pool," where we have workers, how they may be working in housekeeping, in dietary, nursing attendants --

Perez:
[affirmative]

Estela Vasquez:
-- in some entry level jobs, that they can begin to take classes on their own time, around what is the healthcare reform, how does it impact the delivery of care, what are the challenges, what are the skills that are needed to meet those challenges? So, when the increases in the area of outpatient growth in the clinics, that we have workers that can then step from being the housekeeper or being a dietary worker to going and applying for those union-created jobs, because they will have a leg up, because they have already the skills --

Madhoo-Chin:
Yeah.

Vasquez:
-- that are required.

Perez:
All right.

Vasquez:
And --

Perez:
Sandi?

Vito:
Well, I would just add that the curriculum that Estela's talking about was designed by Montefiore, who's been a -- and the union, who had been a leader in care coordination long before the Accountable Care Act. And I would just add one more example. Montefiore and the union came together with Lehman College in the Bronx. The new standard in nursing is to have the bachelor's level. It used to be an associate degree. And in addition, there are a lot of new skills that nurses need that relate to care management and care coordination. So, they partnered to design a course at Lehman College, where nurses from Montefiore actually taught the college. And all of the clinical placements -- the clinical rotations were at the care management type sites, building the skills, not only the credential level of the nurses, but also the skills that are needed to adapt to the new --

Perez:
Well --

Vito:
-- industry standards.

Perez:
Well, thank you. You know what's interesting to me is we've heard from three very distinct industries and three distinct experiences. And yet, there are, you know, a number of common, core principles that you can draw from this. Trust.

How many times did we hear the word trust? When you build mutual trust, you get a lot of work done. Transparency. Transparency enables trust to be built. And when you share and when you take those leaps of faith, you get so much done. Mutual respect, collaboration, and inclusion. You know, I'm a -- I'm not afraid to acknowledge that I've seldom had an original idea in my life.

[laughter]

And I spend a lot of time with the 16,000 employees of the Department of Labor, asking for their views. "What do you think?" is one of the most important sentences that ought to be used in any workplace.

Female Speaker:
Absolutely.

Perez:
And you have Ford. And Montefiore and Disney have demonstrated, through what we've just heard, that they're putting that basic principle -- and it's a really commonsense principle -- into action. And why are people fulfilled in their work? They're fulfilled when their views are heard, and when they see the benefits of those views. And you've done that. And a sense that, you know, we're all in this together is certainly very much pervasive --

Female Speaker:
Yeah.

Perez:
-- in all of these presentations. Not just here, but our first panelists, absolutely. And finally, a sense and an understanding that if we are to compete and respond to the changing forces, that education and training are lifelong. And those investments need to be lifelong. And it's remarkable that these time-honored principles the -- have been keys to your success. So, I want to say, first of all, thank you to all of you. We deserve a big round of applause --

[applause]

Female Speaker:
Thank you.

Perez:
-- for all of this [inaudible].

[applause]

Thank you.

[end of transcript]

Panel 3: International Paper/United Steel Workers/International Brotherhood of Electronic Workers & ABC, Inc./Communication Workers of America/National Association of Broadcast Employees and Technicians

George Cohen:
All right. As you can probably see, I am surrounded by some fabulous people -- back to the private sector. Before this event, I picked up the phone and called Leo Gerard at the Steel Workers. I said, "Leo, you gave us U.S. Steel and USW last time. What have you got for me this time, Leo? And I need you, Leo. I need you to be here." And he -- of course, he looked at his calendar. And he was in Europe somewhere doing some God's work along with Bob King -- because we have a new global world. But Leo said to me, "George, call Stan." George listens to what someone says. George calls Stan Johnson, USW, high-level official. And Stan said, "Yes." I think I've got a group that's worthy of the attention of this audience. It involves the International Paper Company and their relationship both with the Steel Workers and the IBEW. So, one little company dealing with two great unions. You know how tough that is. So –

[laughter]

Male Speaker:
That's a little --

Cohen:
-- the other fabulous thing about this panel, which means an awful lot to me, is that when I hear someone with a slight Southern twang saying they like unions, I love those people.

[laughter]

I love them. And I got –

[applause]

-- Mobile, Alabama here. And I got Memphis, Tennessee there. So, Bill Pierce, it's all yours.

Bill Pierre:
Okay. Thank you. Of course, the International Paper has a long history. We've been a company for a hundred years, over a hundred years now. And we're the largest forest products company in the world. For those of you who don't know it, I mean, we operate all around the world. We have facilities in Asia, Brazil, South America, Europe, Russia, and of course North America being our primary operation.

Our history goes back with, of course, before the Steel Workers, with IBEW and what was known as PACE, the old paper workers' union. And of course, our history is a little different from what Ford described. Our industry changed quite a bit in the '80s. And there's some things that -- we entered into concessionary bargaining in the '80s, concerning premiums and what have you. Premium pay, workforce rules, et cetera. They were very difficult issues -- very difficult issues to handle. John was one of the front line soldiers, and so was Joe, when those conflicts were going on. Unfortunately, we had three strikes that lasted 20 minutes, if I remember right. We replaced those three workforces and we also had one workforce in Joe's hometown and my hometown, Mobile, which we locked out for 20 months. And so, that's very difficult. And we made the change. And the change -- one reason we were prepared for 2008 as well as we were, some of the things the company had done through the years -- however, you know, maybe if we look back, we could have made that change a little bit differently. Surely we could have.

But you know, when 2008 hit, it was odd for us, because we just got through acquiring two large companies -- a union camp corporation and Champion. And we were looking to acquire others. And sure enough, 2007, right before the recession, we acquired Weyerhaeuser. We acquired Weyerhaeuser. They had all the pay -- premium pays. Everything that we did negotiate out in the '80s, they had. So, we were faced immediately with something that I felt was very critical. How do we make this change? And of course, when you do a consolidation, when you integrate a corporation like that the size of Weyerhaeuser, I mean, everything changes. Work grooves, pensions, healthcare. It's very complicated. And so, we approached these three guys. And I think we came up with very workable things. I mean, to illustrate the success we had, I think that was the biggest one. And we came out of it with the workers very engaged. In fact, if I remember, John and Stan, the percent acceptance was over 80 percent, I believe, which was very unusual for us, at a time when International Paper, what we liked to do is get 50-plus-one.

[laughter]

And but what we learned from that was we got a very engaged work group that was the most successful of all of our integrations, the Weyerhaeuser. And after that, we bought another corporation, Temple-Inland, faced with the same issues. And we successfully bargained that and integrated that into the corporation.

So, those two things alone -- those were major things in the company's success. Number one, we got through 2008 and 2009 recession. At the same time, we were growing, and we did it very well. And now, we're even stronger than ever. And we owe that a lot to what we do with the Steel Workers, and with IBEW, and some of the other international unions we have agreements with. But I can't say enough about what they do. And the reason I think we're successful -- they take the time to understand our business. They -- and it's a business of numbers. In our industry, you have three main cost components: labor, wood, and energy. If any of the three get out of line, you're not going to be successful. These guys understand it. They understand how we reinvest in our facilities, how we reinvest in our people. And I think that's what makes us successful. It's all about business. It's all about numbers. And they are good enough to take the time to understand our business and understand our propositions that we make. And I can't say enough about the work that they've done with us.

Cohen:
John, why don't you give everyone a little overview about the size of the bargaining units and how many plans for this facility -- that labor relations are going on?

Jon Geneen:
We've always hoovered [spelled phonetically] at around 100 distinct bargaining units across the country with International Paper. And today, Bill, it's probably maybe 90-ish or somewhere around 90 different bargaining units, with the Steel Workers. And some of those are joint with the -- with the IBEW.

And in what I'll call our "warring years" -- and Bill pointed out that I was actually an employee of IP at the time -- that what didn't exist is an ongoing dialogue, an engagement, an understanding -- the change in the conditions in the industry. And it led to a horrific era where our relationship was terrible -- would be to sum it up the best. And then it went to what I would call now -- it was complicated for a while, where we didn't quite hate each other and we didn't quite love each other either.

But what we learned but -- about when we thought about the process, it's very hard to maintain a positive relationship when you're going around in individual bargains, from site, to site, to site with 93 different contracts. You have 93 different opportunities for the train to get kicked off the tracks. And Stan, and Bill, and some of his counterparts, and myself, and Leo was directly even engaged in it, along with Ron Bloom, at the time. Said, "Listen. There's got to be a better process here that helps our members understand your needs, that helps you understand our needs." And I think, at the end of the day, that that's kind of what -- what, you know, took us from being "It's complicated" to being a relationship that we hold up in this union as a model for others -- industries and other companies in the paper industry to follow.

Cohen:
So that everybody understands the difference between, you know, a bad relationship and a good one -- the challenge always is, how do you get from the bad one to the good one? And I take it some of these strikes led both sides to begin to believe that they -- there's a better way of doing business with each other? Or was it something beyond that?

Pierre:
Well, there was kind of a critical point that was initiated. Actually, it was a merger with PACE and the USW that we came together. IP then became our largest single employer. So, then you've got to make a determination --

Cohen:
Yes.

Pierre:
-- what -- how you're going to handle this historically-bad relationship.

Cohen:
Yeah.

Pierre:
Maybe, you know, a relationship that's not as bad as it could be. But certainly bad enough. So, Faraci, the CEO of IP, reached out to Leo early on, after the merger, and said, "Well, let's have a discussion." And I think Leo met him. And they talked about, you know, the history of both organizations. And essentially, what was the end game was Leo said, "Look, we can be your best partner. Or we can be your greatest enemy. And you're going to be the one that's going to make that determination, because if we have to fight, we'll fight. Prefer not. But if we can be partners, we'll be partners." And from that discussion, then we had the ability, at that point, to kind of clear the deck. There was a lot -- and John was the rare exception that was willing and able to set aside -- even though he was intentionally engaged in the fighting years, was able to set that aside and say, "Look, I'm going to -- I'm going to put that over here, and I'm going to go ahead and have a relationship, because it's important to build this relationship going forward."

And then we -- through the merger, we had the ability to intersperse other people in a -- in a bargaining team that said, "Okay, we don't -- I didn't have the history. So, it wasn't a hangup for me." And at the same time, IP brought Bill Pierre, Paul Cary [spelled phonetically], and many others in, that -- we basically just turned over a new leaf and said, "Okay. The past is the past. The future is the future. How are we going to take these 93 separate bargaining units and create a relationship that will work for all of us going forward?" And we've done that. I mean, it's to the point now that we have very few grievances in the system at all. 93 or so different site-steel [spelled phonetically]. Something around that neighborhood. We have good relationships. I can pick up the phone and call Bill. John picks up the phone and calls Bill -- sometimes, quite frankly, John and I feel like we spend more time with Bill Pierre then we do our own spouses. But –

[laughter]

-- you know --

Cohen:
No comment.

Pierre:
-- it works.

[laughter]

So, it's been very beneficial, certainly to our members.

George Cohen:
So, here is my $64 question to John. How could a red-blooded, strongly-willed union guy, who had fought these battles, suddenly come to the conclusion that there's a better way to conduct oneself?

Geneen:
You know, everybody thinks that that was a difficult decision to come to. And because, you know, I was one of the people

that was at the front and the center of a dozen years of war, kind of. But I think it's what made the decision easier, because you come to understand that the impact of that fighting lasts well beyond the bargaining table. It lends itself and intertwines itself with the work that people do every single day. And when people start to resent to go to work and resent the great jobs that they have -- and make no misunderstanding, our jobs in the paper industry are the best jobs in American advanced manufacturing. And when people forget what they have, it kind of becomes the fulcrum for you to begin to say, "How do we write this?" And, you know, Stan's alluded to it. But the fact is, we put a lot of energy into it. IP puts a lot of energy into it. There is not -- there's rarely a day that goes by when we're not communicating. Rarely a few weeks go by when we're not having some kind of a meeting to talk about --

Male Speaker:
Right.

Geneen:
-- issues in business and things that affect all of our livelihoods.

George Cohen:
So, on the one hand, that's a very thoughtful, incisive comment, vis-a-vis the rank and file, your colleagues. Was that uniformly accepted or was that something that required some leadership, and education, and maybe behavior modification?

Geneen:
I think -- well, there -- it definitely required some leadership. And we had started to bring our local unions together and propose to them that there might be a better way to do business, and that through engagement, that -- and we think that that's a language that industry and especially IP understands, that the more engaged we are, the more willing they are to make us participants to the process. But yeah. There were skeptics for a long time. And I think that in 2007, when there was a -- kind of a sea change [spelled phonetically] in the way that we bargained contracts together, and again, when we -- when we refined the experiment, then, a few years later, to even be more inclusive of the rank and file leadership, that I think that people saw that the ship had indeed found a way to turn itself around, despite the weight of a lot of history behind us.

Cohen:
So, Joe, from the IBEW's perspective?

Joe Pledger:
Well, I was an IP employee years ago. I left IP. I went to work with Alabama Power in 1987. I was appointed as an international rep with IBEW. And my first assignment was to go to Mobile Mill, IP mill, which was on a lockout. And they had not drawn a line in the sand. They dug a ditch.

[laughter]

And it was bad, real bad.

[laughter]

And Bill Pierre was in one room. I was in another room. We had a federal mediator who went back and forth.

Cohen:
Don't point to me. I wasn't there.

Pledger:
I know it.

Cohen:
No --

Pledger:
I know it. This was way before your time. I'm older than you are, so that's why --

Cohen:
Oh, my God. Oh, my God.

[laughter]

Pledger:
But it wasn't working. We got back together. We got the work back. And we struggled for years. United Steel Workers and IP got together with a master agreement bargaining. They come to my international president, Ed Hill. And then they come to international vice president, Joe Davis, and said, "We've got a plan. And we'd like to involve." I was servicing all -- at that time, all of International Paper that had IBEW, in our districts. And so, we talked. We all come on board. And it worked.

Let me just show you an illustration. This was the union and this was the company. And over the years, we would -- we'd touch, sometimes, you know, negotiating.

[laughter]

That was about it. But after the first master, and then we all got together, it got to be closer and closer, jointly working together in a partnership. Then, once in a while, we still have an "Uh-oh," you know, that jumps out that –

[laughter]

But the good part about it is every time this uh-oh jumps, we still -- we still got a partnership. And we've been able to work that partnership out. And over the last couple of years, when IP decides to do something, then they're on the phone with both unions, or several unions in some cases. And they're letting us know, "This is what we're doing. This is the path we'd like to take. What do you think?" And that was never -- that didn't happen in the past. It wasn't, "What do you think?" "What are you going to do about it?" You know?

[laughter]

And now, it's working together. And that partnership is growing and growing. It's working. And it wasn't hard to join up with the Steel Workers, but it was difficult to join up, for our members, with IP. But it's not now.

Cohen:
That's why I've always said that the people on the East Coast are the most boring, difficult-to-listen-to people in the world.

[laughter]

And one fellow from Mobile, Alabama can do that much.

[laughter]

Quite amazing.

Male Speaker:
Yeah.

Cohen:
How about Memphis, Tennessee on that score?

Pierre:
No. I mean, it's been a success. I mean, you -- like I said, I mean, our company has grown tremendously. We have the

agreements that -- and we're very satisfied with the agreements. They're good agreements. I mean, it's not any -- the agreements don't hinder us in any way at being as efficient, as productive as we can be, as profitable as we can be. And the one thing I admire about these guys, when we sit down and negotiate an agreement, we look at the long-term. And none of us go in there in you know, any agreement, where we make promises that we can't keep in the long-term, where we can't come but -- you know, we don't want to be coming back, having to re-do something 10 years from now. And I admire that tremendously in all three of these fellows. It's not just what's today or what sounds good today. They look in the future, because we're in it for the long haul. And they know it, because we reinvest in our facilities in North America at a great deal -- amount of money each year. And they appreciate that. And you know, out of that, I think we get a good understanding, a sound understanding, a business acumen. And that's invaluable to us. It really is.

Cohen:
And has this also translated to an employee morale at the workforce level?

Pierre:
It's no comparison. You know, like I said, I mean, don't just judge it on a -- certainly not by contract votes. But the engagement, the productivity, I pride ourself in having the best manufacturing organization in the industry. And I don't know about -- much about other industries manufacturing, but I hope it's as good as any industry manufacturing. But you don't see us coming to Steel Workers, IBEW, the pipe-fitters, anybody, saying, "Look, we've got workforce issues. We've got to talk about changing." We don't have that. We're very pleased.

Now, one thing we do have is, like everybody else, an aging workforce. And we're currently working with the Steel Workers. We're working with IBEW -- a number of unions -- to -- and we have a team that's developing training programs for the future. The way we're going to restaff our mills, because in the next 10 years, we're going to have tremendous turnover. In fact, just this week, the team that's been working on -- that's rolling that program out to our manufacturing managers to get their input -- and I'm sure we'll be talking to these three guys real soon about how we're going to train our workers going forward.

Cohen:
Well, I want to thank this panel for your presentations, and following-up on the same principles that have sort of existed all day today, of how to get yourself into a really constructive, successful relationship. And you folks obviously have achieved that. And we're grateful for that. And thanks again.

[applause]

Which brings us to the cleanup hitters.

[laughter]

Male Speaker:
Yay!

Cohen:
Yay. Cohen has never stayed at any meeting this long in his life. And he's only doing it, he's going to tell you, because of the honorary that I've arranged for him.

[laughter]

It's the only reason he would do this. So, entertainment industry. LA, ABC, relationship with NABET-CWA. Jim, president of that organization, NABET.

James Joyce:
Yeah.

Cohen:
Why don't you start? You've heard a lot from other groups. And any parallels, any difference, any historical or hysterical things you'd like to say to people?

[laughter]

Joyce:
Absolutely. First of all, thank you --

Male Speaker:
He's not as funny as you are, George.

Jim Joyce:
That's -- no one could be as funny as George. He's great. So, I want to thank you for providing us with this opportunity. And on the preliminary agenda that went out, I guess there were little subtitles as to what each panel was discussing. And the subtitle with this was "The FMC -- FMCS in Action." And in our situation, it was them coming into action. We were really almost at a crisis situation. We have a very mature bargaining relationship with ABC. It goes back to the days of when ABC first was spun off from NBC in the late 1940s. We have had our challenges in the past, and have found ways to work through those. But there was a confluence of issues involving, you know, some of the economic stresses on the company and technological challenges that were affecting both network broadcasting and television station broadcasting, and the challenges of us trying to, you know, secure -- as much as we could -- job security, but also building a path to the future as these new technologies and the -- and platforms emerged.

One of the more hot topics during the negotiations was in the company's trying to gather more content, especially news-gathering, utilizing -- as jobs converged -- maybe not craft photography crews, which is the group that we represented at ABC --but potentially using digital cameras as producers and reports would also provide those elements to the stories that they were either performing on air or writing behind the scenes for. And that was a theme and a bump in the road that was pretty persistent from when we started in February of 2011, until we finally saw -- were able to come to a resolution, which was in March of this year, earlier.

But one of the things that -- and is a theme that came through, and we were able to utilize -- and we were lucky enough to have the access. And we had gone through the two levels of federal mediation. We had had a mediator assigned from the very beginning of negotiations. We had also involved the regional director, Jack Sweeney, who's here, for a portion of that. But we had gotten to a point where the company thought that they were at impasse and believed that they had the right to implement. Now, we disagreed, as any collective bargaining representative would. But we still faced the issue of, you know, how do we move beyond this? And George was able to get the parties together, and in a marathon session -- March 20th, 2013 -- went from 9:00 in the morning until midnight -- we found ways to dig back, find innovative solutions to deal with this big technology challenge.

Some of that was opportunity. The company had started up with Univision, a joint venture that was going to provide another outlet for content. And an exception -- maybe something that's remarkable in these days for that part of the work that's going to be on this joint venture fusion -- any of the ABC produced material that'll layer on that network, the -- we -- the company agreed to give us a jurisdictional grant for that work. That is ground-breaking, I think, in this time and day, as they're looking to -- all entertainment companies are looking to gather as much content and put it on new outlets.

Cohen:
So, let's stop with that, because that's a fascinating nuance that you just raised. Arnie or Mark? How did that come about, in your judgment?

Mark Sandman:
Sure. Well, I think what really happened was is that evolved. I mean, it had been a conversation within the company, but it really had not -- was sort of inchoate, hadn't really come to anything yet. But when it was clear that this was something that

was going to be happening, we looked logically at how the work was going to need to be done. And it made sense to us that if we were going to be producing news product for this new cable network that we were only a part-owner of, that weren't going to want to have a parallel workforce. You know, we had a very highly skilled group of people that we trusted that knew what to do. We wanted to be able to rely upon them. And there was no -- you know, there wasn't any sort of a philosophic reason that we shouldn't use them, simply because they were represented by a labor organization. And so, it actually provided a great key to unlocking what was otherwise a stalemated negotiation.

Cohen:
Arnie, was that your --

Arnie Kleiner:
Yeah.

George Cohen:
-- mindset, in terms of your goal --

Kleiner:
Yeah. Well -- we're --

George Cohen:
-- your leadership?

Kleinerr:
It -- first, it's nice being the only thing standing between you all and lunch.

[laughter]

Male Speaker:
You have me also.

Kleiner:
It's -- we're -- unlike -- I've listened to all this today. And I'm not a a labor person. I'm an operator. But through all this, this was just business, because we all love the company, including --

Male Speaker:
Jim.

Kleiner:
-- Jim, who comes from the company. And we're all friends. And we all like each other. And we go back. And we don't fight at work. And we have disagreements at the negotiating table. But we all genuinely like each other and get along. But over the last several years, the broadcasting business has had some interesting challenges. We have a lot -- many more platforms out there than we ever had before. Cable and satellite is a lot more sophisticated than it was. And we have people taking away dollars, whether it's on mobile, or Facebook, or Twitter, Instagram, or a lot of other things that I can't even pronounce. So, we've been forced to look for efficiency in places that we've never had to look for before. And we're asking people to perform more than one function. And sometimes that doesn't go along with the union contract, because we're asking people to shoot and report. Well, shooting is jurisdictional for the union. And reporting is after.

Sandman:
It's a different union.

Kleiner:
Different union. Or to write and edit. Although that's the same union, the functions were different parts. Or to shoot and edit. Technology has changed it. It allows us to do a lot more with less. We have automated control rooms now that we didn't

have before, that involved many, many fewer people to run them.

A lot of companies are hubbing certain parts of their organizations now that allows for you to run your television stations -- stations, not station -- stations -- from one location. Cameras are smaller and simpler to use, so Jim talked about wanting producers to do it. We now look for MMJs, which are multimedia journalists, people who can report, shoot, and edit. So, there's all different kinds of technology. And we can't let anything stand in the way of running our business better, more efficiently, but remembering that we have this wonderful, long, long, long, long-term relationship with this great union -- and the great people in the great union.

So, we've always been honest with them. I walk through the buildings every day. I talk to all the employees every day. Our word is our bond. Someone mentioned earlier about raises during the times when business wasn't so good. I think it was Ford. No one ever came back and said, "We don't want you to have your raise." We -- a lot of people not in NABET didn't get raises between 2009 and whenever. We never went to the union and said --

Male Speaker:
[inaudible] --

Kleiner:
Yeah. Never went and said, "We don't want you to have your raises." So, we worked it out. Now, a lot of -- one of the reasons we worked it out -- now, really, this isn't -- I never met George Cohen before March 20th. Was that the date?

Cohen:
Whatever --

Kleiner:
Whatever? It's whatever Jim says.

Cohen:
Whatever everybody says.

Kleiner:
Whatever Jim says.

[laughter]

Cohen:
[unintelligible] whenever. It's --

Kleiner:
But I honestly believe that we made a deal that day because of George Cohen. And he made us look at the greater good. You know, what happens is you begin to dig in. And you get your place, and you back yourself into a corner. And no one else backs you into a corner. You back yourself into a corner.

Male Speaker:
That's right.

Kleiner:
It always happens. And then you dig in and there's no place to go. And it happened with NABET's side. And it happened with the management side. And George helped us just bring it all together. And it's worked out. And it ain't perfect.

[laughter]

But it's real good.

Cohen:
So, before we leave that subject for a second, you folks mentioned to me, for example, the -- a very commonplace dispute in our world -- namely, defined pension plans, defined benefit pension plans. And I think, Mark, you and Jim said that, knowing the strong commitment the workforce was to retain it, but on the other hand, your financial constraints -- you brought to bear some ingenuity that got you over that hurdle.

Sandman:
Yeah. This actually goes back to after the dot.com bubble burst. And we have -- we're pretty unusual in that we have a single employer -- Taft-Hartley Trust Fund. So, there really isn't any place to spread the risk. It's us. And it has a pretty good benefit system. And at -- at that time, and as a lot of Taft-Hartley plans in this country -- before the IRS regulations were changed regarding max tax -- that you have a contribution rate in the collective bargaining agreement. You would put the money into the plan. In the roaring '90s, when the market was doing so well, every year, every couple years, you would get the information back from your consultants, that you either had -- you know, had to increase the benefits or you'd be subject to an excise tax. So, the trustees, you know, would increase the benefits. I mean, the obligation was really to maximize the benefits to the individuals.

And so, then, what happened was all of that came crashing down between 2000, 2002. And when we returned to the table at that point, the company was looking at projected deficits over 10 years at 7 or $800 million, which was something that just was not -- the company couldn't tolerate. So, our proposal really was to terminate that plan. And we felt very strongly about it. We were going to go a defined contribution plan. We brought an actuary to the table. We actually searched high and low and found one that spoke English. And it was actually very helpful. He's actually remained a consultant of -- and helped us in subsequent negotiations.

But what we ended up with was an incredible problem-solving solution where -- to explain in its simplest terms -- the defined benefit pension plan continued. There would be a low accrual rate that was sort of the base accrual rate. And then there would be a look-back measurement period after three years. And then, based upon, really, a formula that was negotiated at the bargaining table with the union and its financial experts in the company, and their financial experts -- that took a lot of things into account, including putting disincentives for having the trustees invest too aggressively, and similar disincentives for investing too conservatively. And if you hit certain thresholds or targets, then the accrual would retroactively --

Cohen:
Right.

Sandman:
-- pop up for a period of time. And then it would go back down to that base number, until you had the next measurement period. We've continued very successfully since that time. We've hit the pop-up almost every single time. Maybe every time. And the plan itself has sort of become a model. We -- the trustees adopted a different investment strategy, a --

Joyce:
Liability-driven investments --

Sandman:
-- liability-driven investment. Thank you. And frankly, even in 2007 and '08 -- thank you, Jim -- even 2007, '08, it never fell below 107 percent fund.

Cohen:
So, Jim, I take it you were pleased with having participated in the classic example of problem-solving.

Joyce:
Yeah, no, absolutely. And you know, part of this -- we called it "the pop-up snapback" -- I'm -- it came to us in the middle of the night when we were caucusing internally, because, you know, all we kept hearing was concern about ad hoc benefit increases, concern about ad hoc benefit increases that -- it was really an unfounded -- unfunded mandate, based on what the trustees decided to do. And we really, by using our own actuary -- and we had our trustees on the plan -- you know, looked a way to try and solve that. And we thought it was a very creative solution. And it's worked to date. The plan is still well-funded well north of 110 percent. And that is going through not only the dot.com bubble burst in 2003, but what happened after 2009.

We figured out other metrics that make it, again, reasonable for us to achieve retroactive benefit increases if this liability-driven investment strategy is maintained -- and that the funding balance, you know, the funding percentage remains well over 100 percent. And we provided a significant benefit increase, retroactively, as the -- at the conclusion of the negotiations that George participated in with us.

Sandman:
Well, I just wanted to add --

Cohen:
Please, Mark.

Sandman:
-- one other thing, that -- that issue and the other one we were speaking to -- when I put together the bargaining team, you know, that -- having been at ABC now for a while, and been through a number of these negotiations, I realized that it was a lot more important, as to what NABET thought of the operating managers I brought to the table, than what they thought of anything labor relations had to say -- that the operating managers, the right operating managers, really had the credibility to tell the story of the company, to explain the issues. And I was real lucky to have someone like Arnie. I had another individual who unfortunately passed away, Preston Davis. And this is really -- you know, this is one of the things that actually made it work, is that those people, even though they had very strong views about what the company needed, they had very strong views about the efficiencies that we had to obtain to remain, you know, a successful company -- they also respected the people on the other side of the table. They were then, in turn, respected. And they were always completely honest. And you just can't buy that kind of currency. You can't buy that kind of credibility. And that -- that, actually, is what allows any sort of problem-solving to take place.

Joyce:
And then, if I may, just on the flip side of that, our bargaining committee was all bargaining unit employees, many with 30-years-plus experience with Disney, ABC, and come out of the operational areas -- especially those that were being addressed, these concerns by the company in negotiations. So, that structure works for us, because we have the operational experience and the long-term investment of being company employees.

Cohen:
So, Mr. Cohen, you are the closer, sir.

Larry Cohen:
Ah, ha. The other Cohen here. So, as you can tell, I am not here to talk predominantly about ABC, but, actually, to talk about this FMCS process and this amazing director of FMCS. I think you got a flavor. This bargaining was as bad as it gets, until that day. And it was because of all of us. It was not about -- I'm not here to say it was because of the management, at all, of ABC. It was because of what's going on in this country and sort of the unsaid elephant that's in the room here -- really, about how rare this process called collective bargaining has become. And so, if you're management at this point in history, it's almost like you feel, "Well, why do I have this?" And look at -- look at all the others. And Arnie mentioned them.

In our case, in CWA's case -- not only here in here in broadcasting, but in most of the industries where we have, you know, hundreds of thousands of members -- they're not predominantly in the streets with collective bargaining at this point. Some are, but many of them are not. And in this case, you know, we saw, really, almost a miracle that day. And Ron Collins, who's here with me, our chief of staff, stayed the whole time. No shock -- I didn't stay the whole 15 hours.

[laughter]

Cohen:
You were there a long time.

L Cohen:
I was there a long time. Yeah. Long enough to have a lot of hope that it was -- that it was -- that we had a path. And we had a path, as was said a minute ago. And I think lots of stories in this room -- because of this -- this guy in the middle, Brother George, as I call him. And it wasn't just in this case. But this was near miraculous, that in one long, long day -- and a lot of work was done before we got together -- that we went from, you know, the kind of adversarial situation we heard about at IP that lasted for years, to what we hope will be, you know, transformative. We have a different bargaining process now. We actually worked on that as well. What will the future be like? We had breakthroughs here in terms of new technologies, which really is the key. Jim mentioned this. Our whole team are people who view themselves as ABC, including Jim. Jim got elected president of NABET right from doing Monday Night Football. And some people would say --

Cohen:
Ooh.

L Cohen:
-- "Well, why would you give up Monday Night Football to do this?"

[laughter]

Cohen:
I would say that.

L Cohen:
Right. So, I'm still wondering about it.

L Cohen:
And thanks to ABC. That's actually a very good --

Male Speaker:
[unintelligible] opening? What's the story?

L Cohen:
It's actually a very good-paying job. He didn't get any big raise doing this. If he got a raise at all. Probably not. And definitely a lot more hours. But I just want to bridge from this example, which, you know, we do -- we are very thankful and appreciative of Mark, and Arnie, and of ABC and Disney, in terms of hanging in there and helping work with Jim and his team, realizing that, you know, they're all employees. And they have, just like Arnie, a lifetime, really, at this company and in this industry.

But to bridge from that, to several years, here, of working with George in this role, with -- in our case, equally challenging situations. Companies like Verizon, where, you know, we had a vicious battle, including the largest strike in the country. And then George, like in this case, personally got involved. And he would be the first to say, "With a team of helpers," of staff from FMCS. And that one was not one day. It was not one week. It was not one month. But similarly, we were able to -- again, I think -- transform that relationship. And that's -- that was -- depending on what we count, 50, 60, 70,000 people, ranging from call center workers to technicians and many others. And this agency -- and I think it's a, you know, good place to close. I'm not sure I would have volunteered George to close this, but that's the way it goes. But it doesn't matter whether it's, you know, 50 workers at the Denver Airport, where we're involved now with FMCS; whether it's a company called Purple Communications, which does "I don't know how to do it" ASL over video for any person who has disabilities hearing, or speech disabilities. That's provided with federal funds, but it's very much a private organization. First contract, which, right now is at FMCS. The Denver Airport one is also first contract is at FMCS. Our largest employer, AT&T -- where, in many cases, again, wasn't George in those cases, but FMCS staff.

And this is at a time when we all know -- I mean, collective bargaining in this country is all but destroyed. And many are attacking it. And right now, at this moment, down the street, the Business Roundtable meets, the 200 largest companies, to talk about economic growth. And they're not talking about the fact that without collective bargaining, it's almost certain there'll be no economic growth. You can't have wages falling for 40 years, and expect to have economic growth. There's not enough tax tricks around to do that. And Angela Merkel, conservative leader of Germany, at a G-20 meeting -- she actually said to our president, "You need public stimulus. We have collective bargaining." Angela Merkel.

And so, I would say to you, George, that, you know, A, you have a lifetime of this. And there's nobody better at this than you anywhere. But B, I know that the deepest thing in your bones is how do we keep collective bargaining going, not just because it works in these microcases -- which were stunning today, whether public or private sector -- but because, number one, it is what democracy looks like at work. It is messy. This was a messy situation. There's -- as messy as I've seen. And I see a lot of it. But it is what democracy looks like. It is the way you involve people at work so they don't just go to work to get a paycheck. Whether it's fast-food workers on strike today, whether it's workers who don't even get the minimum wage, whether it's immigrant workers who have no rights at all, or whether it's folks like these -- some of the best paid in the country. And you know, we need to say it, very appreciative to work, whether it's for IP in those shops or for ABC in jobs that, frankly, every kid dreams of. And I think, you know, my own comment would be, you know, as we leave here, A, we should honor this guy named George Cohen. He calls himself "George." And B, we should not only honor collective bargaining, but work for it and fight for it.

Thank you, George, for everything you've done.

[applause]

Male Speaker:
[inaudible] --

L Cohen:
Thank you.

Male Speaker:
Thank you.

Cohen:
So, obviously, we want to thank the panel. Those are my closing remarks, incidentally.

[laughter]

But I do have two others, quickly. We haven't paid proper attention to Mary Beth Maxwell at the Department of Labor and Carri Twigg of the White House staff, whose efforts and energies –

[applause]

L Cohen:
And me [spelled phonetically].

Cohen:
And I guess this would appear to be appropriate moment to say I've worked with many, many of you, professionally and personally, for a number of years. You've been fabulous friends, colleagues. Thank you.

[applause]

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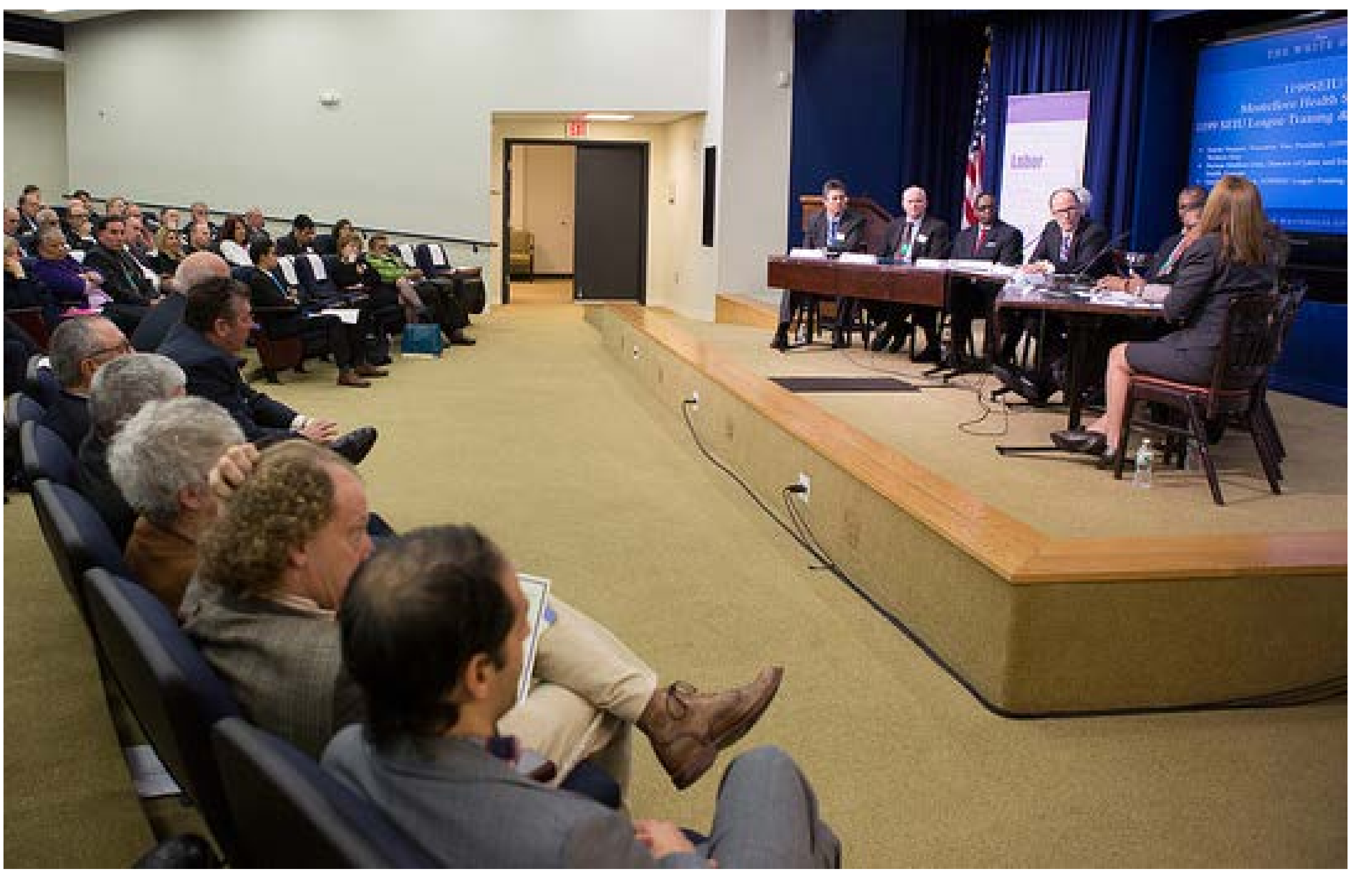

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